

Consumers Illinois Water Company-Woodhaven Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 1.00
Schedule 1.05 W
Page 3 of 3

Line No	Description (A)	Exhibit (B)	TOTAL REVENUE EFFECT (1)	Remove Rate Base Portion (2)	Operating Statement Portion (C+D) (E)	Line No
1	Staff Adjustments - Operating Statement					1
2	Interest Synchronization	ICC Staff Exhibit 1.00, Sch 1.06 W	\$ (224)	\$ (937)	\$ (1,161)	2
3	Correct Depreciation Expense	ICC Staff Exhibit 1.00, Sch 1.09 W	(14,796)	-	(14,796)	3
4	Revenues	ICC Staff Exhibit 5.00, Sch 5.02	(44,220)	-	(44,220)	4
5	Insurance Expense	ICC Staff Exhibit 3.00, Sch 3.02	(280)	-	(280)	5
6	Allocation Changes	ICC Staff Exhibit 3.00, Sch 3.01	(1,564)	-	(1,564)	6
7	Service Co. Billings	ICC Staff Exhibit 3.00, Sch 3.03	(19,514)	-	(19,514)	7
8	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 W	(273)	-	(273)	8
9	Lobbying Expense	ICC Staff Exhibit 2.00, Sch 2.02 W	(1,065)	-	(1,065)	9
10	Regulatory Commission Exp.	ICC Staff Exhibit 2.00, Sch 2.03 W	(8,455)	-	(8,455)	10
11	Selling, Adv., & Misc. Sales Exp.	ICC Staff Exhibit 2.00, Sch 2.05 W	(54)	-	(54)	11
12			-	-	-	12
13			-	-	-	13
14			-	-	-	14
15			-	-	-	15
16			-	-	-	16
17			-	-	-	17
18			-	-	-	18
19			-	-	-	19
20			-	-	-	20
21			-	-	-	21
22			-	-	-	22
23			-	-	-	23
24			-	-	-	24
25			-	-	-	25
26			-	-	-	26
27			-	-	-	27
28	Column Subtotal		\$ (90,445)	\$ (937)	(91,382)	28
29						29
30	Rounding				-	30
31						31
32	Total Revenue Effect of Operating Statement Adjustments				\$ (91,382)	32

(1) Source: Adjustment x Staff GRCF.
(2) Source: Schedule 1.05 W, Page 2 of 3, Column (E), Line 30.

Consumers Illinois Water Company-Woodhaven Division
Interest Synchronization Adjustment
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Amount (B)
1	Staff Rate Base	\$ 2,041,368 (1)
2	Weighted Cost of Debt	4.2073% (2)
3	Synchronized Interest per Staff	85,886
4	Company Interest Expense	85,560 (3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	\$ 326
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	\$ (23)
7	Increase (Decrease) in Federal Income Tax Expense ((Line 5 - Line 6) * 35%)	\$ (106)

- (1) Source: ICC Staff Exhibit 1.00, Schedule 1.03 W, Column (D).
(2) Source: ICC Staff Exhibit 7.00, Schedule 7.01
(3) Source: Company Schedule C-5.4

Consumers Illinois Water Company-Woodhaven Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles	4.6144%		<u>0.046144</u>	
3	State Taxable Income			0.953856	1.000000
4	State Income Tax	7.18%		<u>0.068487</u>	<u>0.071800</u>
5	Federal Taxable Income			0.885369	0.928200
6	Federal Income Tax	35.00%		<u>0.309879</u>	<u>0.324870</u>
7	Operating Income			<u>0.575490</u>	<u>0.603330</u>
8	Gross Revenue Conversion Factor Per Staff			<u>1.737650</u>	<u>1.657468</u>
9	Company Proposed Revenue Increase		\$ 291,029		
10	Company Proposed Operating Income Increase		\$ 167,484		
11	Gross Revenue Conversion Factor Per Company		<u>1.737653</u>		

Consumers Illinois Water Company-Woodhaven Division
 Gross Revenue Conversion Factor
 For the Test Year Ended December 31, 2001

Line No.	(A)	Company Proposed Increase (1)	Staff GRCF (2)	Gross Revenue Per Staff (3)	Staff Uncollectible Conversion Factor (4)	Staff State Tax Conversion Factor (5)	Staff Federal Tax Conversion Factor (6)	Amount Per Staff GRCF (D*E*F*G)	Company Proposed Increase (7)	Adjustment (J)
1	Tariffed Revenue Conversion	\$ 167,484	1.737650	\$ 291,029				\$ 291,029	\$ 291,029	(\$0)
2	Uncollectible Conversion			291,029	4.6144%			13,429	13,429	0
3	State Tax Conversion			291,029		7.18%		19,932	19,932	0
4	Federal Tax Conversion			291,029			35.00%	90,184	90,184	0

(1) Source: ICC Staff Exhibit 1.00, Schedule 1.01 W, page 1, Line 28, Column (E)
 (2) Source: ICC Staff Exhibit 1.00, Schedule 1.07 W, page 1, Line 8, Column (D)
 (3) Source: Line 1, Column (B) x Line 1 Column (C)
 (4) Source: ICC Staff Exhibit 1.00, Schedule 1.07 W, page 1, Line 2, Column (B)
 (5) Source: ICC Staff Exhibit 1.00, Schedule 1.07 W, page 1, Line 4, Column (B)
 (6) Source: ICC Staff Exhibit 1.00, Schedule 1.07 W, page 1, Line 6, Column (B)
 (7) Source: ICC Staff Exhibit 1.00, Schedule 1.01 W, page 1, Column (E)

Consumers Illinois Water Company-Woodhaven Division
Working Capital Adjustment
For the Test Year Ended December 31, 2001

Line No	Description (A)	Amount (B)	Staff Adjustment (C)	Source (D)
1	Total Operating Expenses (Pre Income Tax)	\$ 465,531		(1)
2	Less:			
3	Uncollectible Accounts Expense	31,466		(2)
4	Annual Amortization of Rate Case Expense	12,773		(3)
5	Depreciation Expense	111,947		(4)
6	Real Estate Tax Expense	15,723		(5)
7	Operating Expenses Requiring Working Capital	\$ 293,622		Line 1 minus the sum of Lines 3 through 6
8	45(fag days)/360 (30 day month year)	12.50%		
9	Total Cash Working Capital Per Staff	\$ 36,703		Line 7 multiplied by Line 8
10	Total Cash Working Capital Per Company	40,993		(6)
11	Adjustment to Cash Working Capital	\$ (4,290)		Line 9 minus Line 10

- (1) Source: Schedule 1.01 W, Column (I), Line 21
(2) Source: Schedule 1.01 W, Column (I), Line 5
(3) Source: Schedule 1.01 W, Column (I), Line 15
(4) Source: Schedule 1.01 W, Column (I), Line 16
(5) Source: Company Schedule B-2.2, Line 6
(6) Source: Company Schedule B-1, Column (E), Line 10

Consumers Illinois Water Company-Woodhaven Division
Correction to Depreciation Expense Adjustment
For the Test Year Ended December 31, 2001

Line No.	Adjustment (A)	Amount (B)	Source (C)
1	Depreciation Expense Allowed in Contractual Services per Staff	\$0	
2	Depreciation Expense Allowed in Contractual Services per Company	14,113	Company response to Staff data request Field 5
3			
4	Staff Proposed Adjustment to Contractual Services	\$ (14,113)	
5			
6	Depreciation Expense per Staff	\$113,438	Schedule 1.09 W, Page 2 of 2, Column (E), Line 41
7	Depreciation Expense per Company	113,438	Schedule 1.09 W, Page 2 of 2, Column (G), Line 41 and Schedule C-1, Line 4
8			
9	Staff Proposed Adjustment to Depreciation Expense	\$0	
10			

Consumers Illinois Water Company-Woodhaven Division
Correction to Depreciation Expense Adjustment
For the Test Year Ended December 31, 2001

Line	Account Number	Account Description	Company Proposed	Staff Proposed	Staff Proposed	Company Proposed	Company Proposed
			Ave. Future Test Year (1) (C)	Depreciation Rates (2) & (4) (D)	Proposed Deprec. Exp. C-D (E)	Depreciation Rates (3) (F)	Proposed Deprec. Exp. C-D (G)
1		Source of Supply Plant					
2	304	Structures and Improvements	\$54,636	4.17%	\$2,278	4.17%	\$2,278
3	305	Collecting & Impounding Res.	0	1.50%	0	1.50%	0
4	306	Lake, River and Other Intakes	0	1.47%	0	1.47%	0
5	307	Wells and Springs	277,100	1.67%	4,628	1.67%	4,628
6	309	Supply Mains	21,812	1.89%	412	1.89%	412
7							
8		Pumping Plant					
9	304	Structures and Improvements	1,633	2.27%	37	2.27%	37
10	310	Power Generating Equipment	94,892	3.33%	3,159	3.33%	3,159
11	311	Electric Pumping Equipment	257,833	3.13%	8,070	3.13%	8,070
12		Water Treatment Plant					
13	304	Structures and Improvements	48,447	2.78%	1,347	2.78%	1,347
14	320	Water Treatment Equipment	248,786	3.57%	8,882	3.57%	8,882
15							
16		Transmission & Dist. Plant					
17	304	Structures and Improvements	997	4.17%	42	4.17%	42
18	330	Dist. Reservoirs & Standpipes	207,078	1.67%	3,458	1.67%	3,458
19	331	T & D Mains	1,213,305	1.89%	22,931	1.89%	22,931
20	333	Services	736,886	3.33%	24,542	3.33%	24,542
21	334	Meters	14,160	6.21%	879	6.21%	879
22	334	Meter Installations	5,226	4.44%	232	4.44%	232
23	335	Hydrants	59,678	3.95%	2,357	3.95%	2,357
24	339	Other Plant & Misc. Equipment	2,734	5.46%	149	5.46%	149
25		General Plant					
26	304	Structures and Improvements	189,828	4.00%	7,585	4.00%	7,585
27	344	Laboratory Equipment	5,167	5.00%	258	5.00%	258
28	340	Office Furniture and Equipment	286,111	4.74%	13,562	4.74%	13,562
29	340	Data Processing Equipment	0	1.74%	0	20.00%	0
30	342	Stores Equipment	0	3.28%	0	3.28%	0
31	345	Power Equipment	103,917	5.00%	5,196	5.00%	5,196
32	346	Communication Equipment	91,142	12.50%	11,393	12.50%	11,393
33	347	Miscellaneous Equipment	2,027	5.46%	111	5.46%	111
34	341	Transportation Equipment	64,480	10.77%	6,944	10.77%	6,944
35	343	Tools, Shop and Garage Equip.	33,247	7.31%	2,430	7.31%	2,430
36							
37			<u>\$4,020,982</u>		<u>\$130,882</u>		<u>\$130,882</u>
38							
39	331	Less: Contributions in Aid of Construction:	<u>(923,014)</u>	1.89%	<u>(17,445)</u>	1.89%	<u>(17,445)</u>
40							
41		Total Depreciation Expense (Line 37 + Line 39)	<u>\$3,097,968</u>		<u>\$113,438</u>		<u>\$113,438</u>
42							
43							
44							
45							
46							
47							

(1) Per Company Schedule B-4, Column (G)

(2) Except for Account 340 Data Processing Equipment (see Note 5), per Company Exhibit 8.1, Schedule 4, Page 2 of 2, Column (F)

(3) Per Company Exhibit 8.1, Schedule 4, Page 2 of 2, Column (F)

(4) Account 340, Data Processing Equipment rate is reflected at the Company's composite rate per Company Schedule C-12, Col (D), Line 41

Consumers Illinois Water Company-Woodhaven Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 1.00
Schedule 1.10 W
Page 1 of 2

Line	Description	Amount			
	(A)	(B)			
1	ADIT Per Staff	(\$197,025)	Line 11 Column (D)		
2					
3	ADIT Per Company	(185,221)	Company Schedule B-1, Column (E), Line 18		
4					
5	Staff Proposed Adjustment	(\$11,804)			
6					
7	Proof of Adjustment:	12/31/00 Amount	12/31/01 Amount	Average Amount	
8		(B)	(C)	(D)	
9	Per Company	(\$204,498)	(\$213,158)	(\$208,829)	Schedule B-9, Page 4 of 4, Columns (H) & (J)
10	Correction	0	23,608	11,804	Schedule 1.10 W, Page 2 of 2
11	Per Staff	(\$204,498)	(\$189,551)	(\$197,025)	

Consumers Illinois Water Company-Woodhaven Division
 Accumulated Deferred Income Taxes Adjustment
 For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
 00-0339 Consolidated
 ICC Staff Exhibit 1.00
 Schedule 1.10 W
 Page 2 of 2

Description (A)	12/31/00 Amount (B)	12/31/01 Amount (C)	Calculated Average Amount (D)	Source (E)
Correction of Company Error:				
ADIT Balance Per Company	(\$204,498)	(\$213,159)	(\$208,829)	Schedule B-9, Page 4 of 4, Columns (H) & (J)
Staff Corrected Adjustment for New Depreciation Rates	0	23,608	11,804	Schedule B-2.3, Column (D), Line 26
Corrected ADIT Balance Per Company	(\$204,498)	(\$189,551)	(\$197,025)	To Schedule 1.10 W, Page 1

Consumers Illinois Water Company-Woodhaven Division
Materials and Supplies Adjustment
For the Test Year Ended December 31, 2001

Line No.	Adjustment (A)	Amount (B)	Source (C)
1	Materials and Supplies Test Year Balance per Company	\$16,967	(1)
2	Average Monthly Balance	1,414	Line 1 divided by 12 months
3	Materials and Supplies Accounts Payable Per Staff	(1,414)	Line 2
4	Materials and Supplies Accounts Payable Per Company	0	(2)
5	Adjustment to Rate Base	\$ (1,414)	Line 3 - Line 4

(1) Source: Company Schedule B-1, Column (E), Line 9
(2) Source: Company Schedule B - 8.1, Page 2

DOCKET Nos. 00-0337/
00-0338/00-0339
CONSOLIDATED
ICC STAFF EXHIBIT 8.00

REBUTTAL TESTIMONY

OF

DIANNA HATHORN

ACCOUNTING DEPARTMENT

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

CONSUMERS ILLINOIS WATER COMPANY

DOCKET Nos. 00-0337/00-0338/00-0339 CONSOLIDATED

OCTOBER 26, 2000

1

2 Witness and Exhibit/Schedule Identification

3 Q. Please state your name and business address.

4

5 A. My name is Dianna Hathhorn. My business address is 527 East Capitol
6 Avenue, Springfield, Illinois 62701.

7

8 Q. Have you previously filed testimony in this proceeding?

9

10 A. Yes, direct testimony was filed in August 2000.

11

12 Q. What is the purpose of this testimony?

13

14 A. I am presenting the rebuttal Staff revenue requirement schedules for the
15 Consumers Illinois Water Company ("CIWC" or "Company"). These
16 schedules are based upon the revisions that CIWC made in its rebuttal
17 testimony, and Staff's adjustments thereto.

18

19 I am also presenting testimony regarding working capital, depreciation
20 expense, materials and supplies, historical plant, company plant updates,
21 and accumulated deferred income taxes.

22

23 Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 8.00?

24

25 A. Yes, I have prepared (or supervised the preparation of) the following
26 schedules for the Company, which show data as of, or for the test year
27 ending December 31, 2001:

28 Revenue Requirement Schedules

29 Schedule 8.01 (K), (V), & (W) - Statement of Operating Income with
30 Adjustments

31 Schedule 8.02 (K), (V), & (W) - Adjustments to Operating Income

32 Schedule 8.03 (K), (V), & (W) - Rate Base

33 Schedule 8.04 (K), (V), & (W) - Adjustments to Rate Base

34 Schedule 8.05 (K), (V), & (W) - Revenue Effects of Adjustments

35 Schedule 8.06 (K), (V), & (W) - Interest Synchronization Adjustment

36 Schedule 8.07 (K), (V), & (W) - Gross Revenue Conversion Factor

37

38 Adjustment Schedules

39 Schedule 8.08 (K), (V), & (W) - Working Capital Adjustment

40 Schedule 8.09 (K), (V), & (W) - Correction to Depreciation Expense
41 Adjustment

42 Schedule 8.10 (K), (V), & (W) - Accumulated Deferred Income Taxes

Adjustment

Schedule 8.11 (K) & (V) - Company Plant Update Adjustment

Q. Please explain the "(K)", "(V)", and "(W)" suffixes which appear in your schedule numbers.

A. Consumers Illinois Water Company has filed for rate increases for three operating divisions: Kankakee, Vermilion County, and Woodhaven. The "(K)" suffix identifies a schedule which pertains to the Kankakee water operations. The "(V)" suffix identifies a schedule which pertains to the Vermilion County water operations. The "(W)" suffix identifies a schedule which pertains to the Woodhaven water operations.

Revenue Requirement Schedules

Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.01 (K), (V), & (W), Statement of Operating Income with Adjustments.

A. ICC Staff Exhibit 8.00, Schedules 8.01 (K), (V), & (W), are the same as ICC Staff Exhibit 1.00, Schedule 1.01 (K), (V), & (W), described in ICC Staff Exhibit 1.00, updated to incorporate current Company and Staff positions.

64

65 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.02 (K), (V), & (W),
66 Adjustments to Operating Income.

67

68 A. Schedules 8.02 (K), (V), & (W) identify Staff's rebuttal adjustments to
69 Operating Income. The source of each adjustment is shown in the heading
70 of each column. Column (U) is carried forward to ICC Staff Exhibit 8.00,
71 Schedule 8.01 (K), (V), & (W), page 1, Column (C).

72

73 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.03 (K), (V), & (W),
74 Rate Base.

75

76 A. Page 1 of all three Schedules is the same as that in ICC Staff Exhibit 1.00,
77 Schedules 1.03 (K), (V), & (W), described in ICC Staff Exhibit 1.00,
78 updated to incorporate current Company and Staff positions.

79

80 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.04 (K), (V), & (W),
81 Adjustments to Rate Base.

82

83 A. Schedules 8.04 (K), (V), & (W) identify Staff's adjustments to rate base.
84 The source of each adjustment is shown in the heading of each column.

85 Column (K) is carried forward to ICC Staff Exhibit 8.00, Schedules 8.03
86 (K), (V), & (W), Column (C).

87

88 Q. What is the purpose of ICC Staff Exhibit 8.00, Schedules 8.05 (K), (V), &
89 (W), Revenue Effect of Adjustment?

90

91 A. Schedules 8.05 (K), (V), & (W) are the same as Schedules 1.05 (K), (V), &
92 (W) described in ICC Staff Exhibit 1.00, updated to incorporate current
93 Company and Staff positions.

94

95 Interest Synchronization

96 Q. Please explain ICC Staff Exhibit 8.00, Schedules 8.06 (K), (V), & (W),
97 Interest Synchronization Adjustment.

98

99 A. Schedules 8.06 (K), (V), & (W) use the same concepts and theories as
100 Schedules 1.06 (K), (V), & (W) described in ICC Staff Exhibit 1.00,
101 updated to incorporate current Company and Staff positions.

102

103 Gross Revenue Conversion Factor

104 Q. Please explain ICC Staff Exhibit 8.00, Schedules 8.07 (K), (V), & (W),
105 Gross Revenue Conversion Factor Adjustment.

106

107 A. Schedules 8.07 (K), (V), & (W) use the same concepts and theories as
108 Schedules 1.07 (K), (V), & (W) described in ICC Staff Exhibit 1.00,
109 updated to incorporate current Company and Staff positions.

110

111 Non Contested Adjustments

112 Q. What is your understanding of the Company's position with regard to Staff
113 adjustments presented in direct testimony?

114

115 A. Based on review of Frank X. Simpson's rebuttal testimony (CIWC Exhibit
116 No. 6.0 R), the Company has no objection to the methodology used in
117 several adjustments from Staff. These non-contested adjustments are the
118 following:

119 ICC Staff Exhibit 1.00 (Hathhorn): Working Capital Adjustment, Correction
120 to Depreciation Expense (partial), Accumulated Deferred Income Taxes,
121 Kankakee Add-On Tax;

122 ICC Staff Exhibit 2.00 (Knepler): Political and Lobbying Expense, Social
123 and Service Club Dues; Incentive Compensation Expense;

124 ICC Staff Exhibit 3.00 (Luth): Insurance Expense, Corporate Office and
125 Vermilion Remittance Center Allocation (partial);

126 ICC Staff Exhibit 5.00 (Pilalpil): Vermilion Revenues.

127 Because the Company has not presented its rebuttal revenue requirement, all
128 Staff adjustments, both contested and non-contested, are shown on all three
129 Schedules 8.02 and 8.04, adjusting from the Company's revenue requirement
130 presented in its direct case.

131
132 Working Capital Adjustment

133 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.08 (K), (V), & (W),
134 Working Capital Adjustment.

135
136 A. Schedules 8.08 (K), (V), & (W) reflects my proposed adjustment to rate
137 base to reflect Staff's updated adjustments to operating and maintenance
138 expenses. The Company has no objection to the Staff methodology of
139 calculating the working capital allowance (Simpson Rebuttal, p. 3). The
140 details of my computation of the working capital allowance is presented on
141 Schedules 8.08 (K), (V), and (W).

142
143 Correction to Depreciation Expense Adjustment

144 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.09 (K), (V), & (W),
145 Correction to Depreciation Expense Adjustment.

147 A. Schedules 8.09 (K), (V), & (W) present the following proposed adjustments
148 related to depreciation expense: 1) removing depreciation expense from
149 contractual services and 2) recalculating depreciation expense using Staff
150 witness King's classifications and rates for Account 340, Data Processing
151 Equipment. There is no depreciation expense dispute between Staff and
152 the Company, however an adjustment is required in order for the revenue
153 requirement to reflect agreed-upon corrections and changes to the
154 Company's proposed level of depreciation expense. Company witness
155 Simpson agreed to the correction of removing depreciation expense from
156 contractual services in his rebuttal testimony (Simpson Rebuttal, p. 4).
157 Additionally, Company witness Guastella and Staff witness King have
158 reached agreement on the sub-accounts and their respective lives for data
159 processing equipment. My Schedules 8.09 (K), (V), and (W) reflect the
160 depreciation expense calculated by Staff witness King in ICC Staff Exhibit
161 13.00, Schedules 13.01, 13.04, and 13.07.

162
163 Accumulated Deferred Income Taxes Adjustment

164 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.10 (K), (V), & (W),
165 Accumulated Deferred Income Taxes ("ADIT") Adjustment.

167 A. Schedules 8.10 (K), (V), & (W) present my adjustment to rate base for Staff's
168 proposed accumulated deferred income tax amount. The adjustment is
169 calculated in a similar manner as my Schedules 1.10 (K), (V), and (W),
170 updated for differences in Staff's rebuttal case.

171
172 There is one major difference in the new Vermilion Division adjustment. Due to
173 my withdrawal of the Historical Plant Adjustment, discussed below, a need
174 arose for proration of the proposed test year ADIT balance, since ADIT at
175 12/31/01 is now calculated to be greater than at 12/31/00. The methodology
176 for such proration is described in ICC Staff Exhibit 1.00. The Company has
177 indicated in its response to Staff data request DLH-114 that Staff's proration
178 adjustment for the Kankakee Division, which is the same methodology used in
179 the Vermilion Division, appears correct. Additionally, the ADIT adjustment is
180 updated to reflect the impact of other Staff adjustments which affect ADIT.

181
182 Company Plant Update Adjustment

183 Q. Please describe ICC Staff Exhibit 8.00, Schedules 8.11 (K) and (V),
184 Company Plant Update Adjustment.

185
186 A. Schedules 8.11 (K) and (V) reflect my proposed adjustment to rate base
187 and operating income to reflect the financial impact of the changes to Year

188 2000 plant additions, which the Company proposed in the rebuttal
189 testimony of Company witnesses Burnosky and Cummings (CIWC Exhibit
190 3.0R, pp. 1-8 and CIWC Exhibit 2.0R, page 5, respectively).

191

192 Materials and Supplies Adjustment

193 Q. Have you revised or updated Schedules 1.11 (K), (V), & (W), Materials and
194 Supplies Adjustment, from ICC Staff Exhibit 1.00?

195

196 A. No, I have not.

197

198 Q. Why is the Materials and Supplies Adjustment necessary?

199

200 A. The Company does not have an investment in inventory if it has not paid for
201 it. The accounts payable amount represents vendor-supplied funds rather
202 than investor-supplied funds. The Company should not be allowed to earn
203 a return on non-investor supplied capital.

204

205 Q. Company witness Simpson states in his rebuttal testimony that the
206 foundation of your Materials and Supplies Adjustment is based on cash
207 flow (CIWC Exhibit No. 6.0 R, page 7, lines 7 through 11). Do you agree?

208

209 A. No, my adjustment is not based upon a cash flow basis. Instead it is an
210 alternative calculation to quantify an estimate of the Company's accounts
211 payable associated with materials and supplies inventory, since such data
212 is not available from the Company.

213

214 Q. Has the Commission previously found that utilities do not have an
215 investment in inventory if they have not paid for it?

216

217 A. Yes, repeatedly. In addition to several cases listed below, the Commission
218 ordered and the Company agreed to this treatment in its last two rate
219 cases: Docket No. 99-0288 for Candlewick Water, Order Dated March 1,
220 2000 and Docket No. 97-0351 for Vermilion, Kankakee, University Park,
221 and Oak Run Water, Order Dated June 3, 1998.

222

223 I include a sample of previous cases adopting Staff's position on Materials
224 and Supplies:

- 225 • Central Illinois Light Company (Docket No. 99-0131)
- 226 • South Beloit Gas and Electric Company (Docket No. 99-0132)
- 227 • Commonwealth Edison Company (Docket No. 99-0117)
- 228 • Illinois Power Company (Docket No. 99-0120)
- 229 • North Shore Gas Company (Docket No. 95-0031)

230

231 Historical Plant Adjustment

232 Q. Have you received the necessary documentation from the Company to
233 complete your review of the Vermilion Division's historical plant additions?

234

235 A. Yes, and as a result I am withdrawing my Schedule 1.13 (V), Historical
236 Plant Adjustment.

237

238 Q. Does this conclude your rebuttal testimony?

239

240 A. Yes, it does.

Consumers Illinois Water Company-Kankakee Division
Statement of Operating Income with Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Company Pro Forma Present (Sch. C-1/MF-C1) (B)	Staff Adjustments (Sch. 8.02 K, p.2) (C)	Staff Pro Forma Present (Cols. B-C) (D)	Company Proposed Increase (Co. Sch. C-1) (E)	Staff Gross Revenue Conversion Factor (Sch. 8.02 K, p.2) (F)	Proposed Rates with Staff Adjustments (Cols. D+E+F) (G)	Adjustment To Proposed (H)	Staff Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. I-D) (J)	% Revenue Change (3) (K)
1	Operating Revenues	\$ 8,505,247	\$ (85,323)	\$ 8,419,924	\$ 1,625,808	1	\$ 10,045,733	\$ (246,906)	\$ 9,798,827	\$ 1,378,903	16.38%
2	Total Operating Revenue	8,505,247	(85,323)	8,419,924	1,625,808	1	10,045,733	(246,906)	9,798,827	1,378,903	16.38%
3											
4	Uncollectible Accounts	68,439	(867)	65,772	12,700	1	78,473	(1,928)	76,545		
5	Salaries and Wages	1,537,239	34,545	1,571,784	-	-	1,571,784	-	1,571,784		
6	Employee Pension & Benefits	405,332	(4,513)	400,819	-	-	400,819	-	400,819		
7	Purchased Power & Fuel for Power Prod.	387,366	-	387,366	-	-	387,366	-	387,366		
8	Chemicals	287,252	-	287,252	-	-	287,252	-	287,252		
9	Materials & Supplies	148,910	-	148,910	-	-	148,910	-	148,910		
10	Contractual Services	1,571,451	(282,148)	1,309,303	-	-	1,309,303	-	1,309,303		
11	Lease Expense	28,422	-	28,422	-	-	28,422	-	28,422		
12	Transportation Expense	86,179	-	86,179	-	-	86,179	-	86,179		
13	Insurance Expense	122,433	(4,763)	117,670	-	-	117,670	-	117,670		
14	Regulatory Commission Exp. Amort.	152,333	(89,235)	63,098	-	-	63,098	-	63,098		
15	Depreciation Expense	1,145,723	190,589	1,336,312	-	-	1,336,312	-	1,336,312		
16	Amortization Expense	45,007	-	45,007	-	-	45,007	-	45,007		
17	Taxes Other than Income	549,041	(87,783)	461,258	-	-	461,258	-	461,258		
18	Miscellaneous Expenses	59,708	(12,389)	47,319	-	-	47,319	-	47,319		
19	Total Operating Expense	6,582,835	(236,364)	6,356,471	12,700	1	6,369,172	(1,928)	6,367,244		
20	Before Income Taxes										
21											
22											
23	State Income Tax	59,143	9,929	69,072	115,821	-	194,893	(17,589)	167,304		
24	Federal Income Tax	267,604	44,920	312,524	524,050	-	836,574	(79,588)	756,986		
25	Deferred Taxes and ITCs Net	(21,282)	-	(21,282)	-	-	(21,282)	-	(21,282)		
26	Total Operating Expenses	6,898,300	(181,515)	6,716,785	652,571	1	7,369,357	(98,103)	7,270,254		
27											
28	NET OPERATING INCOME	\$ 1,606,947	\$ 98,192	\$ 1,705,139	\$ 973,237	-	\$ 2,678,376	\$ (147,803)	\$ 2,530,573		
29											
30	Staff Rate Base								\$ 27,189,831		
31											
32	Staff Overall Rate of Return									9.30%	(2)

(1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 K, Page 1, Column (D).
(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
(3) Source: Column (J), Line 3, divided by Column (D), Line 3.

Consumers Illinois Water Company-Kankakee Division
Adjustments to Operating Income
For the Test Year Ended December 31, 2001
In Dollars

Docket No. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.02 K
Page 1 of 2

Line No	Description (A)	Interest Synchron-ization (ICC St. Ex 8.00 Sched 8.06 K) (B)	Correction to Depreciation Expense (ICC St. Ex 8.00 Sched 8.08 K) (C)	Kankakee Add-On Tax (ICC St. Ex 1.00 Sched 1.12 K) (D)	Misc. Revenues (ICC St. Ex 4.00 Sched 4.01) (E)	Insurance Expense (ICC St. Ex 3.00 Sched 3.02) (F)	Allocation Change (ICC St. Ex 10.00 Sched 10.01) (G)	Service Co. Billings (ICC St. Ex 10.00 Sched 10.02) (H)	Incentive Compensation (ICC St. Ex 2.00 Sched 2.01 K) (I)	Lobbying Expense (ICC St. Ex 2.00 Sched 2.02 K) (J)	Subtotal (K)
1	Operating Revenues										(85,323)
2											
3	Total Operating Revenue				(85,323)						(85,323)
4											
5	Uncollectible Accounts				(667)						(667)
6	Salaries and Wages										
7	Employee Pension & Benefits									(4,513)	(4,513)
8	Purchased Power & Fuel for Power Prod.										
9	Chemicals										
10	Materials & Supplies										
11	Contractual Services		(143,889)					(107,822)		(10,358)	(252,149)
12	Lease Expense										
13	Transportation Expense										
14	Insurance Expense					(4,763)					(4,763)
15	Regulatory Commission Exp. Amort.										
16	Depreciation Expense		162,140				(4,766)				157,384
17	Amortization Expense										
18	Taxes Other than Income										
19	Miscellaneous Expense			(87,783)							(87,783)
20	Total Operating Expense										
21	Before Income Taxes		18,272	(87,783)	(667)	(4,763)	(4,758)	(107,822)	(4,513)	(10,358)	(202,490)
22											
23	State Income Tax	(917)	(1,312)	6,303	(6,078)	342	341	7,749	324	744	7,496
24	Federal Income Tax	(4,149)	(5,936)	28,518	(27,502)	1,547	1,545	35,061	1,486	3,365	33,915
25	Deferred Taxes and ITCA Net										
26	Total Operating Expenses	(5,066)	11,024	(62,862)	(24,247)	(2,874)	(2,870)	(65,112)	(2,723)	(6,249)	(181,079)
27											
28	NET OPERATING INCOME	5,066	(11,024)	62,862	(51,078)	2,874	2,870	65,112	2,723	6,249	75,756

Consumers Illinois Water Company-Kankakee Division
Adjustments to Operating Income
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.02 K
Page 2 of 2

Line No	Description (A)	Subtotal (L)	Regulatory Commission Exp. (ICC St. Ex 2.00 Sch. 2.03 K) (M)	Social & Service Club Dues (ICC St. Ex 2.00 Sch. 2.04 K) (N)	Selling, Adv. & Misc Sales Exp. (ICC St. Ex 2.00 Sch. 2.05 K) (O)	Company Plant Update (ICC St. Ex 8.00 Sch. 8.11 K) (P)	Omitted Employee (ICC St. Ex 8.00 Sch. 8.01 K) (Q)	(Source) (R)	(Source) (S)	(Source) (T)	Total (U)
1	Operating Revenues	\$ (85,323)	-	-	-	-	-	-	-	-	(85,323)
2											
3	Total Operating Revenue	(85,323)	-	-	-	-	-	-	-	-	(85,323)
4											
5	Uncollectible Accounts	(667)	-	-	-	-	-	-	-	-	(667)
6	Salaries and Wages	-	-	-	-	-	34,545	-	-	-	34,545
7	Employee Pension & Benefits	(4,513)	-	-	-	-	-	-	-	-	(4,513)
8											
9	Purchased Power & Fuel for Power Prod.	-	-	-	-	-	-	-	-	-	-
10	Chemicals	-	-	-	-	-	-	-	-	-	-
11	Materials & Supplies	-	-	-	-	-	-	-	-	-	-
12	Contractual Services	(262,148)	-	-	-	-	-	-	-	-	(262,148)
13	Lease Expense	-	-	-	-	-	-	-	-	-	-
14	Transportation Expense	-	-	-	-	-	-	-	-	-	-
15	Insurance Expense	(4,763)	-	-	-	-	-	-	-	-	(4,763)
16	Regulatory Commission Exp. Amort.	-	(89,235)	-	-	-	-	-	-	-	(89,235)
17	Depreciation Expense	157,384	-	-	-	33,205	-	-	-	-	190,589
18	Amortization Expense	-	-	-	-	-	-	-	-	-	-
19	Taxes Other than Income	(87,783)	-	-	-	-	-	-	-	-	(87,783)
20	Miscellaneous Expense	-	-	(3,045)	(9,344)	-	-	-	-	-	(12,389)
21	Total Operating Expense										
22	Before Income Taxes	(202,480)	(89,235)	(3,045)	(9,344)	33,205	34,545	-	-	-	(236,364)
23	State Income Tax	7,496	6,407	219	671	(2,384)	(2,480)	-	-	-	9,929
24	Federal Income Tax	33,915	28,990	989	3,036	(10,787)	(11,223)	-	-	-	44,920
25	Deferred Taxes and ITCA Net	-	-	-	-	-	-	-	-	-	-
26	Total Operating Expenses	(161,079)	(53,839)	(1,837)	(5,637)	20,034	20,842	-	-	-	(181,515)
27											
28	NET OPERATING INCOME	\$ 75,756	\$ 63,839	\$ 1,837	\$ 5,637	\$ (20,034)	\$ (20,842)	\$ -	\$ -	\$ -	\$ 96,192

Consumers Illinois Water Company-Kankakee Division
Rate Base
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Company Pro Forma (B) (CIWC Sch. B-1)	Staff Adjustments (C) (ICC St. Ex 8.00 Sch 8.04 K)	Staff Pro Forma (D) (Col B+C)
1	Gross Utility Plant in Service	\$ 48,244,581	\$ 560,647	\$ 48,805,228
2	(Less) Accum. Depr. and Amort.	(12,602,173)	(26,737)	(12,628,910)
3	Net Plant	35,642,408	533,910	36,176,318
4	Additions to Rate Base:			
5	Property Held For Future Use	172,212	-	172,212
6	Deferred Charges	276,012	-	276,012
7	Materials and Supplies	241,286	(20,107)	221,179
8	Cash Working Capital	639,459	(42,132)	597,327
9	Amort. of Contributions in Aid of Constr.	1,507,217	-	1,507,217
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16		-	-	-
17	Deductions from Rate Base:			
18	FAS 87 Pension	(138,472)	-	(138,472)
19	Customer Advances	(516,931)	-	(516,931)
20	Contributions in Aid of Construction	(8,550,060)	-	(8,550,060)
21	Deferred Income Taxes	(2,829,906)	274,935	(2,554,971)
22		-	-	-
23		-	-	-
24		-	-	-
25		-	-	-
26		-	-	-
27	Rate Base	\$ 26,443,225	\$ 746,606	\$ 27,189,831

Consumers Illinois Water Company-Kankakee Division
Adjustments to Rate Base
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Working Capital (ICC St. Ex 8.00 Sch. 8.08 K) (B)	ADIT (ICC St. Ex 8.00 Sch. 8.10 K) (C)	Materials & Supplies (ICC St. Ex 1.00 Sch. 1.11 K) (D)	Allocation Change (ICC St. Ex 10.00 Sch. 10.01) (E)	Incentive Compensation (ICC St. Ex 2.00 Sch. 2.01 K) (F)	Company Plant Update (ICC St. Ex 8.00 Sch. 8.11 K) (G)	Omitted Employee (ICC St. Ex 8.00 Sch. 9.01 K) (H)	(Source) (I)	(Source) (J)	Total (K)
1	Gross Utility Plant in Service				\$ (57,004)	\$ (469)	\$ 614,527	\$ 3,593			\$ 590,647
2	(Less) Accum. Depr. and Amort.				6,488		(38,205)				(26,737)
3	Net Plant				(50,536)	(469)	581,322	3,593			533,910
4											
5	Additions to Rate Base:										
6	Property Held For Future Use										
7	Deferred Charges										
8	Materials and Supplies			(20,107)							(20,107)
9	Cash Working Capital	(42,132)									(42,132)
10	Amort. of Contributions in Aid of Constr.										
11											
12											
13											
14											
15											
16											
17	Deductions from Rate Base:										
18	FAS 87 Pension										
19	Customer Advances										
20	Contributions in Aid of Construction		274,935								274,935
21	Deferred Income Taxes										
22											
23											
24											
25											
26											
27	Rate Base	\$ (42,132)	\$ 274,935	\$ (20,107)	\$ (50,536)	\$ (469)	\$ 581,322	\$ 3,593			\$ 748,608

Consumers Illinois Water Company-Kankakee Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 K
Page 1 of 3

Line No	Description (A)	Effect at Company ROR (B)	Effect Of Staff ROR (C)	Effect of Interest Synch. (D)	Rounding (E)	TOTAL REVENUE EFFECT (F)
1	Company Proposed Increase					\$ 1,625,808 (1)
2	Staff Rate of Return applied to COMPANY RATE BASE	9.30% (2)	(202,205)			(202,205)
3	Return on Equity	10.15% (2)				
4	Staff Adjustments - Total RATE BASE (from Page 2 of 3)	121,667	(5,709)	(20,085)	(1)	95,902
5						
6	Staff Adjustments - Total INCOME STATEMENT (from page 3 of 3)					(140,605)
7						
8	Revenue Conversion Factor Adjustment					1
9						
10	Rounding					2
11						
12	Total Effect of Staff Proposals					(246,905)
13						
14						
15	Staff Proposed Change to Revenues					\$ 1,378,903 (3)
16						
17						
18	Rounding (Memo Only)					(Memo Only)
19						
20	Staff Rate of Return applied to STAFF RATE BASE (Memo Only)					\$ (207,914) (Memo Only)

- (1) Source: Company Schedule C-1, Line 1, Column (F)
 (2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
 (3) Source: ICC Staff Exhibit 8.00, Schedule 8.01 K, Column (J).

Consumers Illinois Water Company-Kankakee Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 K
Page 2 of 3

Line No	Description (A)	Exhibit (B)	Effect at Company ROR (C)	Effect of Staff ROR (D)	Effect of Interest Synch. (E)	Rounding (F)	TOTAL REVENUE EFFECT (G)	Line No
1	Staff Adjustments - RATE BASE							1
2	Working Capital	ICC Staff Exhibit 8.00, Sch 8.08 K	\$ (6,866)	\$ 322	\$ 1,133	\$ 1	\$ (5,412)	2
3	ADIT	ICC Staff Exhibit 8.00, Sch 8.10 K	44,814	(2,102)	(7,396)	-	35,316	3
4	Materials & Supplies	ICC Staff Exhibit 1.00, Sch 1.11 K	(3,277)	154	541	(1)	(2,583)	4
5	Allocation Change	ICC Staff Exhibit 10.00, Sch 10.01	(8,237)	386	1,360	-	(6,491)	5
6	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 K	(76)	4	13	(1)	(60)	6
7	Company Plant Update	ICC Staff Exhibit 8.00, Sch 8.11 K	94,755	(4,445)	(15,639)	-	74,671	7
8	Omitted Employee	ICC Staff Exhibit 9.00, Sch 9.01 K	586	(27)	(97)	-	462	8
9			-	-	-	-	-	9
10			-	-	-	-	-	10
11			-	-	-	-	-	11
12			-	-	-	-	-	12
13			-	-	-	-	-	13
14			-	-	-	-	-	14
15			-	-	-	-	-	15
16			-	-	-	-	-	16
17			-	-	-	-	-	17
18			-	-	-	-	-	18
19			-	-	-	-	-	19
20			-	-	-	-	-	20
21			-	-	-	-	-	21
22			-	-	-	-	-	22
23			-	-	-	-	-	23
24			-	-	-	-	-	24
25			-	-	-	-	-	25
26			-	-	-	-	-	26
27	Subtotal		121,697	(5,708)	(20,085)	(1)	95,903	27
28	Rounding		-	(1)	-	-	(1)	28
29			-	-	-	-	-	29
30	Total Revenue Effect of Rate Base Adjustments		\$ 121,697	\$ (5,709)	\$ (20,085)	\$ (1)	\$ 95,902	30

- (1) Source: Adjustment x Co. ROR x Staff GRFC.
(2) Source: Adjustment x (Staff ROR - Co. ROR) x Staff GRFC.
(3) Source: Adjustment x (Staff Before Tax ROR - Staff After Tax ROR) x Staff GRFC.
(4) Source: Adjustment x Staff After Tax ROR x Staff GRFC.

Consumers Illinois Water Company-Kankakee Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 K
Page 3 of 3

Line No	Description (A)	Exhibit (B)	TOTAL REVENUE EFFECT (1)	Remove Rate Base Portion (2)	Operating Statement Portion (C+D)	Line No
1	Staff Adjustments - Operating Statement					1
2	Interest Synchronization	ICC Staff Exhibit 8.00, Sch 8.06 K	\$ (8,463)	\$ 20,085	\$ 11,622	2
3	Correct Depreciation Expense	ICC Staff Exhibit 8.00, Sch 8.09 K	18,416	-	18,416	3
4	Kankakee Add-On Tax	ICC Staff Exhibit 1.00, Sch 1.12 K	(88,474)	-	(88,474)	4
5	Misc. Revenues	ICC Staff Exhibit 4.00, Sch 4.01	85,323	-	85,323	5
6	Insurance Expense	ICC Staff Exhibit 3.00, Sch 3.02	(4,801)	-	(4,801)	6
7	Allocation Change	ICC Staff Exhibit 10.00, Sch 10.01	(4,794)	-	(4,794)	7
8	Service Co. Billings	ICC Staff Exhibit 10.00, Sch 10.02	(108,771)	-	(108,771)	8
9	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 K	(4,549)	-	(4,549)	9
10	Lobbying Expense	ICC Staff Exhibit 2.00, Sch 2.02 K	(10,439)	-	(10,439)	10
11	Regulatory Commission Exp.	ICC Staff Exhibit 2.00, Sch 2.03 K	(89,937)	-	(89,937)	11
12	Social & Service Club Dues	ICC Staff Exhibit 2.00, Sch 2.04 K	(3,069)	-	(3,069)	12
13	Selling, Adv. & Misc. Sales Exp.	ICC Staff Exhibit 2.00, Sch 2.05 K	(9,417)	-	(9,417)	13
14	Company Plant Update	ICC Staff Exhibit 8.00, Sch 8.11 K	33,467	-	33,467	14
15	Omitted Employee	ICC Staff Exhibit 9.00, Sch 9.01 K	34,817	-	34,817	15
16			-	-	-	16
17			-	-	-	17
18			-	-	-	18
19			-	-	-	19
20			-	-	-	20
21			-	-	-	21
22			-	-	-	22
23			-	-	-	23
24			-	-	-	24
25			-	-	-	25
26			-	-	-	26
27			-	-	-	27
28	Column Subtotal		\$ (160,691)	\$ 20,085	(140,606)	28
29						29
30	Rounding				1	30
31						31
32	Total Revenue Effect of Operating Statement Adjustments				\$ (140,605)	32

(1) Source: Adjustment x Staff GRCE.
(2) Source: Schedule 8.05 K, Page 2 of 3, Column (E), Line 30.

Consumers Illinois Water Company-Kankakee Division
Interest Synchronization Adjustment
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Amount (B)	
1	Staff Rate Base	\$ 27,189,831	(1)
2	Weighted Cost of Debt	4.0597%	(2)
3	Synchronized Interest per Staff	1,103,826	
4	Company Interest Expense	1,091,054	(3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	\$ 12,772	
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.19%)	\$ (917)	
7	Increase (Decrease) in Federal Income Tax Expense ((Line 5 - Line 6) * 35%)	\$ (4,149)	

- (1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 K, Column (D).
(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
(3) Source: Company Schedule C-5.4

Consumers Illinois Water Company-Kankakee Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.07 K
Page 1 of 2

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles	0.7812%		<u>0.007812</u>	
3	State Taxable Income			0.992188	1.000000
4	State Income Tax	7.18%		<u>0.071239</u>	<u>0.071800</u>
5	Federal Taxable Income			0.920949	0.928200
6	Federal Income Tax	35.00%		<u>0.322332</u>	<u>0.324870</u>
7	Operating Income			<u>0.598617</u>	<u>0.603330</u>
8	Gross Revenue Conversion Factor Per Staff			<u>1.670517</u>	<u>1.657466</u>
9	Company Proposed Revenue Increase		<u>\$ 1,625,808</u>		
10	Company Proposed Operating Income Increase		<u>\$ 973,237</u>		
11	Gross Revenue Conversion Factor Per Company		<u>1.670516</u>		

Consumers Illinois Water Company-Kankakee Division
 Gross Revenue Conversion Factor
 For the Test Year Ended December 31, 2001

Line No.		Company Proposed Increase (1)	Staff GRCF (2)	Gross Revenue Per Staff (3)	Staff Uncollectible Conversion Factor (4)	Staff State Tax Conversion Factor (5)	Staff Federal Tax Conversion Factor (6)	Amount Per Staff GRCF (D*E*F*G) (H)	Company Proposed Increase (7)	Adjustment (J)
1	Tariffed Revenue Conversion	\$ 973,237	1.670517	\$ 1,625,809				\$ 1,625,809	\$ 1,625,808	\$1
2	Uncollectible Conversion			1,625,809	0.7812%			12,701	12,700	1
3	State Tax Conversion			1,625,809		7.18%		115,821	115,821	0
4	Federal Tax Conversion			1,625,809			35.00%	524,050	524,050	0

(1) Source: ICC Staff Exhibit 8.00, Schedule 8.01 K, page 1, Line 28, Column (E)
 (2) Source: ICC Staff Exhibit 8.00, Schedule 8.07 K, page 1, Line 8, Column (D)
 (3) Source: Line 1, Column (B) x Line 1 Column (C)
 (4) Source: ICC Staff Exhibit 8.00, Schedule 8.07 K, page 1, Line 2, Column (B)
 (5) Source: ICC Staff Exhibit 8.00, Schedule 8.07 K, page 1, Line 4, Column (B)
 (6) Source: ICC Staff Exhibit 8.00, Schedule 8.07 K, page 1, Line 6, Column (B)
 (7) Source: ICC Staff Exhibit 8.00, Schedule 8.01 K, page 1, Column (E)

Consumers Illinois Water Company-Kankakee Division
Working Capital Adjustment
For the Test Year Ended December 31, 2001

Line No	Description (A)	Amount (B)	Staff Adjustment (C)	Source (D)
1	Total Operating Expenses (Pre Income Tax)	\$ 6,367,244		(1)
2	Less:			
3	Uncollectible Accounts Expense	76,545		(2)
4	Annual Amortization of Rate Case Expense	63,068		(3)
5	Depreciation Expense	1,336,312		(4)
6	Real Estate Tax Expense	<u>112,869</u>		(5)
7	Operating Expenses Requiring Working Capital	\$ 4,778,820		Line 1 minus the sum of Lines 3 through 6
8	45/(avg days)/360 (30 day month year)	<u>12.50%</u>		
9	Total Cash Working Capital Per Staff	\$ 597,328		Line 7 multiplied by Line 8
10	Total Cash Working Capital Per Company	<u>638,469</u>		(6)
11	Adjustment to Cash Working Capital	<u>\$ (42,132)</u>		Line 8 minus Line 10

(1) Source: Schedule 8.01 K, Column (I), Line 21
(2) Source: Schedule 8.01 K, Column (I), Line 5
(3) Source: Schedule 8.01 K, Column (I), Line 15

(4) Source: Schedule 8.01 K, Column (I), Line 16
(5) Source: Company Schedule B-2.3, Line 6
(6) Source: Company Schedule B-1, Column (E), Line 11

Consumers Illinois Water Company-Kankakee Division
Correction to Depreciation Expense Adjustment
For the Test Year Ended December 31, 2001

Line No.	Adjustment (A)	Amount (B)	Source (C)
1	Depreciation Expense Allowed in Contractual Services per Staff	\$0	
2	Depreciation Expense Allowed in Contractual Services per Company	<u>143,888</u>	Company response to Staff data request Field 5
3			
4	Staff Proposed Adjustment to Contractual Services	<u>(\$143,888)</u>	
5			
6	Gross Depreciation Expense per Staff	\$1,408,459	ICC Staff Exhibit 13.00, Schedule 13.01, Page 3 of 3
7	Less: Contributions in Aid of Construction	<u>(\$161,596)</u>	ICC Staff Exhibit 1.00, Schedule 1.09 K, Page 2 of 2, Col. (E), Line 39
8	Net Depreciation Expense per Staff	\$1,307,863	Line 6 + Line 7
9	Depreciation Expense per Company	<u>1,145,723</u>	CIMC Schedule C-1, Line 4
10			
11	Staff Proposed Adjustment to Depreciation Expense	<u>\$162,140</u>	Line 8 - Line 9

Consumers Illinois Water Company-Kankakee Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Docket Nos. 00-03337/00-0338/
00-03339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.10 K
Page 1 of 3

Line	Description	Amount			
	(A)	(B)			
1	ADIT Per Staff	(\$2,554,971)	Schedule 8.10 K, Page 3 of 3, Line 36		
2					
3	ADIT Per Company	(2,829,906)	Company Schedule B-1, Column (E), Line 18		
4					
5	Staff Proposed Adjustment	\$274,935			
6					
7	Proof of Adjustment:	12/31/00 Amount	12/31/01 Amount	Average Amount	
8		(B)	(C)	(D)	
9	Per Company	(\$2,745,682)	(\$2,861,001)	(\$2,803,332)	Schedule B-9, Page 4 of 4, Columns (H) & (J)
10	Correction	0	(26,574)	(\$13,287)	Schedule 8.10 K, Page 2 of 3, Line 2
11	Candlewick Sewer	224,426	233,398	\$228,912	Schedule 8.10 K, Page 2 of 3, Line 4
12	Company Plant Update	3,420	3,420	\$3,420	Schedule 8.10 K, Page 2 of 3, Line 3
13	Proration	0	58,631	28,316	Schedule 8.10 K, Page 3 of 3, Column (L), Line 2
14	Per Staff	(\$2,517,816)	(\$2,592,126)	(\$2,554,971)	

Consumers Illinois Water Company-Kankakee Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.10 K
Page 2 of 3

Line	Description (A)	12/31/00 Amount (B)	12/31/01 Amount (C)	Calculated Average Amount (D)	Source (E)
1	ADIT Balance Per Company	(\$2,745,662)	(\$2,861,001)	(\$2,803,332)	Schedule B-9, Page 4 of 4, Columns (H) & (I)
2	Staff Corrected Adjustment for New Depreciation Rates	0	(26,574)	(13,287)	Schedule B-2-4, Column (D), Line 26
3	Company Plant Update Adjustment	3,420	3,420	3,420	Schedule 8.11 K, Column (B), Line 14
4	Candlewick Sewer ADIT	<u>224,426</u>	<u>233,398</u>	<u>228,912</u>	ICC Staff Exhibit 10.00, Schedule 10.03
5					
6	Adjusted ADIT Balance Per Staff	<u>(\$2,517,816)</u>	<u>(\$2,650,757)</u>	<u>(\$2,584,287)</u>	To Schedule 8.10 K, Page 3 of 3, Column (B), Lines 14 & 15

Consumers Illinois Water Company-Kankakee Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Line	(A) Assumptions	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
1	Statutory Effective Date of New Rates	03/10/2001												
2	Beginning Date for Calculation Using Proration	03/10/2001												
3														
4		Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Total
5	Days in Month Prior to Proration	31	28	10	0	0	0	0	0	0	0	0	0	69
6	Days in Month Used for Proration	0	0	21	30	31	30	31	31	30	31	30	31	296
7	Total Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
8														
9	Days From Last Day of Month To Year End			278	248	215	185	154	123	93	62	32	1	
10	Total Days of Proration (Line 6 Col N)			296	296	296	296	296	296	296	296	296	296	
11														
12	Proration Ratio (Line 9 / Line 10)	100.00%	100.00%	83.24%	83.11%	72.64%	62.50%	52.03%	41.55%	31.42%	20.95%	10.81%	0.34%	
13														
14	12/31/00 Accumulated Deferred Income Taxes per Staff													
15	12/31/01 Accumulated Deferred Income Taxes per Staff													
16														
17	Test Year Addition to ADIT													
18	Monthly Addition to ADIT													
19														
20														
21	Allowable Monthly ADIT (Line 18 * Line 12) (Except for March-see Lines 23-27)	(\$11,078)	(11,078)	(10,571)	(9,207)	(8,047)	(6,824)	(5,764)	(4,804)	(3,481)	(2,320)	(1,199)	(37)	(\$74,310)
22														
23	March Additions Prior to Proration Period- (Line 18/ Line 7 Col D) * Line 5 Col D	(\$3,574)												
24	March Additions Subject to Proration- (Line 18/ Line 7 Col D) * Line 6 Col D	(7,505)												
25	March Additions Subject to Proration * March Proration Ratio (Line 12)	(6,888)												
26														
27	Total Allowable ADIT for March (Line 23 + Line 25)	(\$10,571)												
28														
29														
30	Total ADIT Allowable (Line 21 Col N)	(\$74,310)												
31														
32	12/31/00 Accumulated Deferred Income Taxes per Staff	(2,517,816)	Line 14											
33														
34	12/31/01 Prorated Balance (Line 30 + Line 32)	(2,592,128)												
35														
36	Average of 12/31/01 Balance & Prorated Balance	(\$2,554,971)												
37	(Line 32 + Line 34) / 2													

\$58,631 To Sch. 8.10 K, p. 1

Consumers Illinois Water Company-Kankakee Division
 Company Plant Update Adjustment
 For the Test Year Ended December 31, 2007

Line No.	Adjustment	Plant in Service Amount	Depreciation Reserve Amount	Accum. Deferred Income Taxes Amount	Depreciation Expense Amount
	(A)	(1)	(1)	(1)	(1)
	(B)	(B)	(C)	(D)	(E)
1	Updated Projects:				
2	Filter Backwash Waste	(\$485,841)	\$13,506	\$2,351	(\$13,506)
3	Line to Quarry	147,667	(4,105)	(715)	4,105
4	Chemical Storage Improvements	668,832	(23,877)	(1,141)	23,877
5	Filler Improvements	736,240	(26,284)	(1,256)	26,284
6	Bourbonnais Elevated Storage	(452,371)	7,555	4,181	(7,555)
7					
8	Total per Staff	\$614,527	(\$33,205)	\$3,420	\$33,205
9	Total per Company	0	0	0	0
10					
11	Staff Proposed Adjustment	\$ 614,527	\$ (33,205)	\$ 3,420	\$ 33,205

(7) Source: Company response to Staff data request DLH-116-120

Consumers Illinois Water Company-Vermilion Division
Statement of Operating Income with Adjustments
For the Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0339/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.01 V

Line No	Description (A)	Company Pro Forma Present (B)	Staff Adjustments (C)	Staff Pro Forma Present (D)	Company Proposed Increase (E)	Staff Gross Revenue Conversion Factor (F)	Proposed Rates with Staff Adjustments (G)	Adjustment To Proposed (H)	Staff Pro Forma Proposed (I)	Revenue Change (J)	% Revenue Change (K)
1	Operating Revenues	\$ 8,989,385	\$ 24,308	\$ 9,013,693	\$ 1,955,362	\$ -	\$ 10,969,054	\$ (279,772)	\$ 10,689,282	\$ 1,675,599	18.59%
2						(1)					
3	Total Operating Revenue	8,989,385	24,308	9,013,693	1,955,362	(1)	10,969,054	(279,772)	10,689,282	1,675,599	18.59%
4											
5	Uncollectible Accounts	83,755	226	83,981	18,218	-	102,199	(2,607)	99,592	-	-
6	Salaries and Wages	1,155,921	-	1,155,921	-	-	1,155,921	-	1,155,921	-	-
7	Employee Pension & Benefits	313,720	(3,498)	310,224	-	-	310,224	-	310,224	-	-
8	Purchased Power & Fuel for Power Prod.	355,151	-	355,151	-	-	355,151	-	355,151	-	-
9	Chemicals	248,928	-	248,928	-	-	248,928	-	248,928	-	-
10	Materials & Supplies	127,344	-	127,344	-	-	127,344	-	127,344	-	-
11	Contractual Services	1,172,261	(213,614)	958,647	-	-	958,647	-	958,647	-	-
12	Lease Expense	30,273	-	30,273	-	-	30,273	-	30,273	-	-
13	Transportation Expense	39,349	-	39,349	-	-	39,349	-	39,349	-	-
14	Insurance Expense	117,410	(4,567)	112,843	-	-	112,843	-	112,843	-	-
15	Regulatory Commission Exp. Amort.	59,344	(10,430)	48,914	-	-	48,914	-	48,914	-	-
16	Depreciation Expense	1,507,828	208,212	1,714,038	-	-	1,714,038	-	1,714,038	-	-
17	Amortization Expense	82,405	-	82,405	-	-	82,405	-	82,405	-	-
18	Taxes Other than Income	634,006	-	634,006	-	-	634,006	-	634,006	-	-
19	Miscellaneous Expense	32,311	(10,718)	21,595	-	-	21,595	-	21,595	-	-
20	Total Operating Expense										
21	Before Income Taxes	5,960,002	(36,385)	5,923,617	18,218	-	5,941,835	(2,607)	5,939,228		
22											
23	State Income Tax	107,466	4,986	112,452	139,087	-	251,549	(18,900)	231,649		
24	Federal Income Tax	406,246	22,611	508,857	629,320	(1)	1,138,176	(90,043)	1,048,133		
25	Deferred Taxes and ITCs Net	(24,554)	-	(24,554)	-	-	(24,554)	-	(24,554)		
26	Total Operating Expenses	6,529,160	(8,778)	6,520,382	786,025	(1)	7,307,005	(112,550)	7,194,455		
27											
28	NET OPERATING INCOME	\$ 2,460,225	\$ 33,086	\$ 2,493,311	\$ 1,169,337	-	\$ 3,662,048	\$ (167,222)	\$ 3,494,826		
29											
30	Staff Rate Base								\$ 37,579,983	(1)	
31											
32	Staff Overall Rate of Return									9.20%	(2)

(1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 V, Page 1, Column (D).

(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01

(3) Source: Column (J), Line 3, divided by Column (D), Line 3.

Consumers Illinois Water Company-Vandalia Division
Adjustments to Operating Income
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.02 V
Page 1 of 2

Line No	Description	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1	Operating Revenues					\$ 24,308						\$ 24,308
2												
3	Total Operating Revenue					24,308						24,308
4												
5	Uncollectible Accounts					226						226
6	Salaries and Wages											
7	Employee Pension & Benefits									(3,486)		(3,486)
8	Purchased Power & Fuel for Power Prod.											
9	Chemicals											
10	Materials & Supplies											
11	Contractual Services		(114,387)						(90,982)			(213,614)
12	Lease Expenses											
13	Transportation Expenses											
14	Insurance Expenses						(4,567)					(4,567)
15	Regulatory Commission Exp. Amort.											
16	Depreciation Expense		203,704		6,319			(3,811)				206,212
17	Amortization Expense											
18	Taxes Other than Income											
19	Miscellaneous Expenses											
20	Total Operating Expense											
21	Before Income Taxes		88,317	6,319	226	(4,567)	(3,811)	(90,982)	(3,486)	(8,235)	(15,239)	
22												
23	State Income Tax	639	(6,413)	(454)	1,729	328	274	6,533	251	581	3,478	
24	Federal Income Tax	2,883	(28,016)	(2,053)	7,824	1,484	1,238	29,581	1,136	2,675	15,742	
25	Deferred Taxes and ITCA Net											
26	Total Operating Expenses	3,532	53,899	3,812	9,779	(2,755)	(2,299)	(54,898)	(2,109)	(4,969)	3,981	
27												
28	NET OPERATING INCOME	(3,532)	(53,898)	(3,812)	14,529	2,755	2,299	54,898	2,109	4,969	20,327	

Consumers Illinois Water Company-Vermilion Division
Adjustments to Operating Income
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-03337/00-0336/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.02 V
Page 2 of 2

Line No	Description (A)	Subtotal (L)	Regulatory Commission Exp. (ICC St. Ex 2.00) (M)	Social & Service Club Dues (ICC St. Ex 2.00) (N)	Selling, Adv. & Misc Sales Exp. (ICC St. Ex 2.00) (O)	(Source) (P)	(Source) (Q)	(Source) (R)	(Source) (S)	(Source) (T)	Total (U)
1	Operating Revenues	\$ 24,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	24,308
2		-	-	-	-	-	-	-	-	-	-
3	Total Operating Revenue	24,308	-	-	-	-	-	-	-	-	24,308
4		-	-	-	-	-	-	-	-	-	-
5	Uncollectible Accounts	226	-	-	-	-	-	-	-	-	226
6	Salaries and Wages	-	-	-	-	-	-	-	-	-	-
7	Employee Pension & Benefits	(3,496)	-	-	-	-	-	-	-	-	(3,496)
8	Purchased Power & Fuel for Power Prod.	-	-	-	-	-	-	-	-	-	-
9	Chemicals	-	-	-	-	-	-	-	-	-	-
10	Materials & Supplies	-	-	-	-	-	-	-	-	-	-
11	Contractual Services	(213,614)	-	-	-	-	-	-	-	-	(213,614)
12	Lease Expense	-	-	-	-	-	-	-	-	-	-
13	Transportation Expense	-	-	-	-	-	-	-	-	-	-
14	Insurance Expense	(4,567)	-	-	-	-	-	-	-	-	(4,567)
15	Regulatory Commission Exp. Amort.	-	(10,430)	-	-	-	-	-	-	-	(10,430)
16	Depreciation Expense	206,212	-	-	-	-	-	-	-	-	206,212
17	Amortization Expense	-	-	-	-	-	-	-	-	-	-
18	Taxes Other than Income	-	-	-	-	-	-	-	-	-	-
19	Miscellaneous Expense	-	-	(3,106)	(7,610)	-	-	-	-	-	(10,716)
20	Total Operating Expense	-	-	(3,106)	(7,610)	-	-	-	-	-	(10,716)
21	Before Income Taxes	(15,239)	(10,430)	(3,106)	(7,610)	-	-	-	-	-	(36,385)
22		-	-	-	-	-	-	-	-	-	-
23	State Income Tax	3,478	749	223	546	-	-	-	-	-	4,996
24	Federal Income Tax	15,742	3,388	1,009	2,472	-	-	-	-	-	22,611
25	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-	-	-
26	Total Operating Expenses	3,981	(6,293)	(1,874)	(4,592)	-	-	-	-	-	(8,778)
27		-	-	-	-	-	-	-	-	-	-
28	NET OPERATING INCOME	\$ 20,327	\$ 6,293	\$ 1,874	\$ 4,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,086

Consumers Illinois Water Company-Vermillion Division
Rate Base
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Company Pro Forma (Sec. 285.2005, Sch. B-1) (B)	Staff Adjustments (ICC St. Ex 8.00 Sch 8.04 V) (C)	Staff Pro Forma (Col B+C) (D)
1	Gross Utility Plant in Service	\$ 56,716,636	\$ 288,219	\$ 56,004,855
2	(Less) Accum. Depr. and Amort.	(13,673,561)	(790)	(13,674,351)
3	Net Plant	42,043,075	287,429	42,330,504
4				
5	Additions to Rate Base:			
6	Property Held For Future Use	-	-	-
7	Deferred Charges	638,916	-	638,916
8	Materials and Supplies	117,405	(9,784)	107,621
9	Cash Working Capital	508,085	(29,049)	479,036
10	Amort. of Contributions in Aid of Constr.	1,062,842	-	1,062,842
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16		-	-	-
17	Deductions from Rate Base:			
18	FAS 87 Pension	(110,736)	-	(110,736)
19	Customer Advances	(751,670)	-	(751,670)
20	Contributions in Aid of Construction	(3,186,888)	-	(3,186,888)
21	Deferred Income Taxes	(3,129,308)	139,666	(2,989,642)
22		-	-	-
23		-	-	-
24		-	-	-
25		-	-	-
26		-	-	-
27	Rate Base	\$ 37,191,721	\$ 388,262	\$ 37,579,983

Consumers Illinois Water Company-Vermilion Division
Adjustments to Rate Base
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Working Capital (ICC St. Ex 8.00 Sch. 8.08 V) (B)	ADIT (ICC St. Ex 8.00 Sch. 8.10 V) (C)	Materials & Supplies (ICC St. Ex 1.00 Sch. 1.11 V) (D)	Company Plant Update (ICC St. Ex 8.00 Sch. 8.11 V) (E)	Allocation Change (ICC St. Ex 10.00 Sch. 10.01 V) (F)	Incentive Compensation (ICC St. Ex 2.00 Sch. 2.01 V) (G)	(Source) (H)	(Source) (I)	(Source) (J)	Total (K)
1	Gross Utility Plant in Service				\$ 334,390	\$ (45,673)	\$ (468)				\$ 288,219
2	(Less) Accum. Depr. and Amort.				\$ (86,319)	\$ 5,529					\$ (790)
3	Net Plant				328,041	(40,144)	(468)				287,429
4											
5	Additions to Rate Base:										
6	Property Held For Future Use										
7	Deferred Charges										
8	Materials and Supplies			(9,784)							(9,784)
9	Cash Working Capital	(29,049)									(29,049)
10	Amort. of Contributions in Aid of Constr.										
11											
12											
13											
14											
15											
16											
17	Deductions from Rate Base:										
18	FAS 87 Pension										
19	Customer Advances										
20	Contributions in Aid of Construction										
21	Deferred Income Taxes		139,866								139,866
22											
23											
24											
25											
26											
27	Rate Base	\$ (29,049)	\$ 139,866	\$ (8,784)	\$ 328,041	\$ (40,144)	\$ (468)				\$ 388,262

Consumers Illinois Water Company-Vermilion Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 V
Page 1 of 3

Line No	Description (A)	Effect at Company ROR (B)	Effect of Staff ROR (C)	Effect of Interest Synch. (D)	Rounding (E)	TOTAL REVENUE EFFECT (F)
1	Company Proposed Increase					\$ 1,955,362 (1)
2	Staff Rate of Return applied to COMPANY RATE BASE	9.30% (2)	(284,827)			(284,827)
3	Return on Equity	10.15% (2)				
4	Staff Adjustments - Total RATE BASE (from Page 2 of 3)	63,363	(2,973)	(10,461)	(1)	49,948
5						
6	Staff Adjustments - Total INCOME STATEMENT (from page 3 of 3)					(44,894)
7						
8	Revenue Conversion Factor Adjustment					(1)
9						
10	Rounding					1
11						
12	Total Effect of Staff Proposals					(279,773)
13						
14	Staff Proposed Change to Revenues					\$ 1,675,589 (3)
15						
16						
17	Rounding (Memo Only)					
18						
19						
20	Staff Rate of Return applied to STAFF RATE BASE (Memo Only)					\$ (287,800) (Memo Only)

- (1) Source: Company Schedule C-1, Line 1, Column (F)
(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
(3) Source: ICC Staff Exhibit 8.00, Schedule 8.01 V, Column (J).

Consumers Illinois Water Company-Vermilion Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 V
Page 2 of 3

Line No	Description (A)	Exhibit (B)	Effect at Company ROR (C)	Effect of Staff ROR (D)	Effect of Interest Synch. (E)	Rounding (F)	TOTAL REVENUE EFFECT (G)	Line No
1	Staff Adjustments - RATE BASE							1
2	Working Capital	ICC Staff Exhibit 8.00, Sch 8.08 V	\$ (4,742)	\$ 222	\$ 783	\$ -	\$ (3,737)	2
3	ADIT	ICC Staff Exhibit 8.00, Sch 8.10 V	22,800	(1,070)	(3,763)	1	17,968	3
4	Materials & Supplies	ICC Staff Exhibit 1.00, Sch 1.11 V	(1,597)	75	264	(1)	(1,259)	4
5	Company Plant Update	ICC Staff Exhibit 8.00, Sch 8.11 V	53,552	(2,512)	(8,838)	(1)	42,201	5
6	Allocation Change	ICC Staff Exhibit 10.00, Sch 10.01	(8,553)	307	1,082	-	(5,164)	6
7	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 V	(76)	4	13	(1)	(60)	7
8			-	-	-	-	-	8
9			-	-	-	-	-	9
10			-	-	-	-	-	10
11			-	-	-	-	-	11
12			-	-	-	-	-	12
13			-	-	-	-	-	13
14			-	-	-	-	-	14
15			-	-	-	-	-	15
16			-	-	-	-	-	16
17			-	-	-	-	-	17
18			-	-	-	-	-	18
19			-	-	-	-	-	19
20			-	-	-	-	-	20
21			-	-	-	-	-	21
22			-	-	-	-	-	22
23			-	-	-	-	-	23
24			-	-	-	-	-	24
25			-	-	-	-	-	25
26			-	-	-	-	-	26
27			-	-	-	-	-	27
28	Subtotal		63,384	(2,974)	(10,459)	(2)	49,949	28
29	Rounding		(1)	1	(2)	1	(1)	29
30	Total Revenue Effect of Rate Base Adjustments		\$ 63,383	\$ (2,973)	\$ (10,461)	\$ (1)	\$ 49,948	30

- (1) Source: Adjustment x Co. ROR x Staff GRCF.
(2) Source: Adjustment x (Staff ROR - Co. ROR) x Staff GRCF.
(3) Source: Adjustment x (Staff Before Tax ROR - Staff After Tax ROR) x Staff GRCF.
(4) Source: Adjustment x Staff After Tax ROR x Staff GRCF.

Consumers Illinois Water Company-Vermillion Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0338 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 V
Page 3 of 3

Line No	Description (A)	Exhibit (B)	TOTAL REVENUE EFFECT (C)	Remove Rate Base Portion (D)	Operating Statement Portion (E)	Line No
1	Staff Adjustments - Operating Statement					1
2	Interest Synchronization	ICC Staff Exhibit 8.00, Sch 8.08 V	\$ 5,909	\$ 10,461	\$ 16,370	2
3	Correction to Depreciation Expense	ICC Staff Exhibit 8.00, Sch 8.09 V	90,158	-	90,158	3
4	Company Plant Update	ICC Staff Exhibit 8.00, Sch 8.11 V	6,378	-	6,378	4
5	Revenues	ICC Staff Exhibit 5.00, Sch 5.01	(24,308)	-	(24,308)	5
6	Insurance Expense	ICC Staff Exhibit 3.00, Sch 3.02	(4,809)	-	(4,809)	6
7	Allocation Change	ICC Staff Exhibit 10.00, Sch 10.01	(3,846)	-	(3,846)	7
8	Service Co. Billings	ICC Staff Exhibit 10.00, Sch 10.02	(91,847)	-	(91,847)	8
9	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 V	(3,528)	-	(3,528)	9
10	Lobbying Expense	ICC Staff Exhibit 2.00, Sch 2.02 V	(8,313)	-	(8,313)	10
11	Regulatory Commission Exp.	ICC Staff Exhibit 2.00, Sch 2.03 V	(10,529)	-	(10,529)	11
12	Social & Service Club Dues	ICC Staff Exhibit 2.00, Sch 2.04 V	(3,135)	-	(3,135)	12
13	Selling, Adv., & Misc. Sales Exp.	ICC Staff Exhibit 2.00, Sch 2.05 V	(7,683)	-	(7,683)	13
14			-	-	-	14
15			-	-	-	15
16			-	-	-	16
17			-	-	-	17
18			-	-	-	18
19			-	-	-	19
20			-	-	-	20
21			-	-	-	21
22			-	-	-	22
23			-	-	-	23
24			-	-	-	24
25			-	-	-	25
26			-	-	-	26
27			-	-	-	27
28	Column Subtotal		\$ (55,353)	\$ 10,461	(44,892)	28
29						29
30	Rounding				(2)	30
31						31
32	Total Revenue Effect of Operating Statement Adjustments				\$ (44,894)	32

(1) Source: Adjustment x Staff GRCF.
(2) Source: Schedule 8.05 V, Page 2 of 3, Column (E), Line 30.

Consumers Illinois Water Company-Vermilion Division
Interest Synchronization Adjustment
For the Test Year Ended December 31, 2001
in Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.06 V

Line No	Description (A)	Amount (B)
1	Staff Rate Base	\$ 37,579,983 (1)
2	Weighted Cost of Debt	4.0597% (2)
3	Synchronized Interest per Staff	1,525,635
4	Company Interest Expense	1,534,540 (3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	\$ (8,905)
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	\$ 639
7	Increase (Decrease) in Federal Income Tax Expense (Line 5 - Line 6 * 35%)	\$ 2,893

- (1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 V, Column (D).
 (2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
 (3) Source: Company Schedule C-5.4

Consumers Illinois Water Company-Vermilion Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.07 V
Page 1 of 2

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles	0.9317%		<u>0.009317</u>	
3	State Taxable Income			0.990683	1.000000
4	State Income Tax	7.18%		<u>0.071131</u>	<u>0.071800</u>
5	Federal Taxable Income			0.919552	0.928200
6	Federal Income Tax	35.00%		<u>0.321843</u>	<u>0.324870</u>
7	Operating Income			<u>0.597709</u>	<u>0.603330</u>
8	Gross Revenue Conversion Factor Per Staff			<u>1.673055</u>	<u>1.657468</u>
9	Company Proposed Revenue Increase		<u>\$ 1,955,362</u>		
10	Company Proposed Operating Income Increase		<u>\$ 1,168,737</u>		
11	Gross Revenue Conversion Factor Per Company		<u>1.673056</u>		

Consumers Illinois Water Company-Vermilion Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Line No.	(A)	Company Proposed Increase (1) (B)	Staff GRCF (2) (C)	Gross Revenue Per Staff (3) (D)	Staff Uncollectible Conversion Factor (4) (E)	Staff State Tax Conversion Factor (5) (F)	Staff Federal Tax Conversion Factor (6) (G)	Amount Per Staff GRCF (D*E*F*G) (H)	Company Proposed Increase (7) (I)	Adjustment (J)
1	Tariffed Revenue Conversion	\$ 1,168,737	1.673055	\$ 1,955,361				\$ 1,955,361	\$ 1,955,362	(\$1)
2	Uncollectible Conversion			1,955,361	0.9317%			18,218	18,218	0
3	State Tax Conversion			1,955,361		7.18%		139,087	139,087	0
4	Federal Tax Conversion			1,955,361			35.00%	629,320	629,320	0

(1) Source: ICC Staff Exhibit 8.00, Schedule 8.01 V, page 1, Line 28, Column (E)
(2) Source: ICC Staff Exhibit 8.00, Schedule 8.07 V, page 1, Line 8, Column (D)
(3) Source: Line 1, Column (B) x Line 1 Column (C)
(4) Source: ICC Staff Exhibit 8.00, Schedule 8.07 V, page 1, Line 2, Column (B)
(5) Source: ICC Staff Exhibit 8.00, Schedule 8.07 V, page 1, Line 4, Column (B)
(6) Source: ICC Staff Exhibit 8.00, Schedule 8.07 V, page 1, Line 6, Column (B)
(7) Source: ICC Staff Exhibit 8.00, Schedule 8.01 V, page 1, Column (E)

Consumers minus Water Company/Vermont Division
Working Capital Adjustment
For the Test Year Ended December 31, 2001

Line No	Description (A)	Amount (B)	Start Adjustment (C)	Source (D)
1	Total Operating Expenses (Pre Income Tax)	\$ 5,039,228		(1)
2	Less:			
3	Uncollectible Accounts Expense	99,592		(2)
4	Annual Amortization of Rate Case Expense	48,814		(3)
5	Depreciation Expense	1,714,038		(4)
6	Real Estate Tax Expense	<u>244,408</u>		(5)
7	Operating Expenses Requiring Working Capital	\$ 3,832,284		Line 1 minus the sum of Lines 3 through 6
8	45 (lag days)/250 (30 day month year)	<u>12.50%</u>		
9	Total Cash Working Capital Per Start	\$ 478,036		Line 7 multiplied by Line 8
10	Total Cash Working Capital Per Company	<u>508,085</u>		(6)
11	Adjustment to Cash Working Capital	<u>\$ (29,049)</u>		Line 9 minus Line 10

(1) Source: Schedule 8.01 V, Column (I), Line 21
(2) Source: Schedule 8.01 V, Column (I), Line 5
(3) Source: Schedule 8.01 V, Column (I), Line 15
(4) Source: Schedule 8.01 V, Column (I), Line 16
(5) Source: Company Schedule B-2.2, Line 6
(6) Source: Company Schedule B-1, Column (E), Line 10

Consumers Illinois Water Company-Vermilion Division
Correction to Depreciation Expense Adjustment
For the Test Year Ended December 31, 2001

Line No.	Adjustment (A)	Amount (B)	Source (C)
1	Depreciation Expense Allowed in Contractual Services per Staff	\$0	
2	Depreciation Expense Allowed in Contractual Services per Company	<u>114,387</u>	Company response to Staff data request Field 5
3			
4	Staff Proposed Adjustment to Contractual Services	<u>\$ (114,387)</u>	
5			
6	Gross Depreciation Expense per Staff	\$1,771,762	ICC Staff Exhibit 13.00, Schedule 13.07, Page 3 of 3
7	Less: Contributions in Aid of Construction	<u>(\$60,232)</u>	ICC Staff Exhibit 1.00, Schedule 1.09 V, Page 2 of 2, Col. (E), Line 39
8	Net Depreciation Expense per Staff	\$1,711,530	Line 6 + Line 7
9	Depreciation Expense per Company	<u>1,507,826</u>	CIMC Schedule C-1, Line 4
10			
11	Staff Proposed Adjustment to Depreciation Expense	<u>\$203,704</u>	Line 8 - Line 9

Consumers Illinois Water Company-Vermilion Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.10 V
Page 1 of 3

Line	Description	Amount			
	(A)	(B)			
1	ADIT Per Staff	(2,989,642)	Schedule 8.10 V, Page 3 of 3, Line 36		
2					
3	ADIT Per Company	(3,129,309)	Company Schedule B-1, Column (E), Line 18		
4					
5	Staff Proposed Adjustment	\$139,666			
6					
7	Proof of Adjustment:	12/31/00 Amount	12/31/01 Amount	Average Amount	
8		(B)	(C)	(D)	
8	Per Company	(\$3,092,852)	(\$3,222,662)	(\$3,157,757)	Schedule B-9, Page 4 of 4, Columns (H) & (J)
10	Correction	0	28,449	14,225	Schedule 8.10 V, Page 2 of 3, Line 2
11	Candlewick Sewer	132,958	137,895	135,427	Schedule 8.10 V, Page 2 of 3, Line 4
12	Company Plant Update	(2,799)	(2,799)	(2,799)	Schedule 8.10 V, Page 2 of 3, Line 3
13	Proration	0	42,526	21,263	Schedule 8.10 V, Page 3 of 3, Column (L), Line 28
14	Per Staff	(\$2,962,693)	(\$3,016,591)	(\$2,989,642)	

Consumers Illinois Water Company-Vermilion Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit B.00
Schedule B.10 V
Page 2 of 3

Line	Description (A)	12/31/00 Amount		12/31/01 Amount		Calculated Average Amount (D)	Source (E)
		(B)	(C)	(C)	(C)		
1	ADIT Balance Per Company	(\$3,092,852)	(\$3,222,882)	(\$3,157,757)			Schedule B-9, Page 4 of 4, Columns (H) & (I)
2	Staff Corrected Adjustment for New Depreciation Rates	0	28,449	14,225			Schedule B-2.3, Column (D), Line 26
3	Company Plant Update Adjustment	(2,799)	(2,799)	(2,799)			Schedule 8.11 V, Column (B), Line 14
4	Candlewick Sewer ADIT	<u>132,958</u>	<u>137,895</u>	<u>135,427</u>			ICC Staff Exhibit 10.00, Schedule 10.03
5							
6	Adjusted ADIT Balance per Staff	<u>(\$2,962,893)</u>	<u>(\$3,059,117)</u>	<u>(\$3,010,905)</u>			To Schedule 8.10 V, Page 3 of 3, Column (B), Lines 14 & 15

Consumers Illinois Water Company-Vermilion Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

UN-0339 Consumed
ICC Staff Exhibit 8.00
Schedule 8.10 V
Page 3 of 3

Line	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
Assumptions														
1	Statutory Effective Date of New Rates	03/10/2001												
2	Beginning Date for Calculation Using Proration	03/10/2001												
3														
4														
5	Days in Month Prior to Proration	31	28	10	0	0	0	0	0	0	0	0	0	89
6	Days in Month Used for Proration	0	0	21	30	31	30	31	31	30	31	30	31	296
7	Total Days in Month	31	28	31	30	31	30	31	31	30	31	30	31	365
8	Days From Last Day of Month To Year End			276	246	215	185	154	123	83	62	32	1	
9	Total Days of Proration (Line 6 Col N)			286	286	286	286	286	286	286	286	286	286	
10														
11														
12	Proration Ratio (Line 8 / Line 10)	100.00%	100.00%	83.24%	83.11%	72.64%	62.50%	52.03%	41.55%	31.42%	20.95%	10.81%	0.34%	
13														
14	12/31/00 Accumulated Deferred Income Taxes per Staff													
15	12/31/01 Accumulated Deferred Income Taxes per Staff													
16														
17	Test Year Addition to ADIT													
18	Monthly Addition to ADIT													
19														
20														
21	Allowable Monthly ADIT (Line 18 * Line 12) (Except for March-see Lines 23-27)													
22														
23	March Additions Prior to Proration Period- (Line 18/Line 7 Col D) * Line 6 Col D													
24	March Additions Subject to Proration- (Line 18/Line 7 Col D) * Line 6 Col D													
25	March Additions Subject to Proration * March Proration Ratio (Line 12)													
26														
27	Total Allowable ADIT for March (Line 23 + Line 25)													
28														
29														
30	Total ADIT Allowable (Line 21 Col N)													
31														
32	12/31/00 Accumulated Deferred Income Taxes per Staff													
33														
34	12/31/01 Prorated Balance (Line 30 + Line 32)													
35														
36	Average of 12/31/01 Balance & Prorated Balance													
37	[(Line 32 + Line 34) / 2]													

\$42,526 To Sch. 8.10 V, p.1

Consumers Illinois Water Company-Vermilion Division
Company Plant Update Adjustment
For the Test Year Ended December 31, 2001

Line No.	Adjustment	Amount	
		(1)	(B)
1	Change in Plant in Service per Staff	\$334,360	
2	Change in Plant in Service per Company	0	
3			
4	Staff Proposed Adjustment to Plant in Service	\$ 334,360	
5			
6	Change in Depreciation Reserve per Staff	(\$6,319)	
7	Change in Depreciation Reserve per Company	0	
8			
9	Staff Proposed Adjustment to Depreciation Reserve	(\$6,319)	
10			
11	Change in ADIT per Staff	(\$2,799)	
12	Change in ADIT per Company	0	
13			
14	Staff Proposed Adjustment to ADIT	(\$2,799)	
15			To Schedule 8.10, Page 2 of 3, Line 3
16	Change in Depreciation Expense per Staff	\$6,319	
17	Change in Depreciation Expense per Company	0	
18			
19	Staff Proposed Adjustment to Depreciation Expense	\$6,319	

(1) Source: Company response to Staff data request DLH-115

Consumers Illinois Water Company-Woodhaven Division
Statement of Operating Income with Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Company Pro Forma Present (Sch. C-1MP-C-1) (B)	Staff Adjustments (Sch. 8.02 W, P, 2) (C)	Staff Pro Forma Present (Cols. B+C) (D)	Company Proposed Increase (Sch. 8.02 W, P, 2) (E)	Staff Gross Revenue Conversion Factor (Sch. 8.02 W, P, 2) (F)	Proposed Rates with Staff Adjustments (Cols. D+E+F) (G)	Adjustment To Proposed Increase (H)	Staff Pro Forma Proposed (Cols. G+H) (I)	Revenue Change (Col. D) (J)	% Revenue Change (K)
1	Operating Revenues	\$ 503,961	\$ 7,245	\$ 511,206	\$ 291,029	\$ -	\$ 802,235	\$ (45,596)	\$ 756,639	\$ 245,433	48.01%
2	Total Operating Revenues	503,961	7,245	511,206	291,029	-	802,235	(45,596)	756,639	245,433	48.01%
3	Uncollectible Accounts	23,255	334	23,589	13,429	-	37,018	(2,104)	34,914	-	-
4	Salaries and Wages	71,205	-	71,205	-	-	71,205	-	71,205	-	-
5	Employee Pension & Benefits	24,490	(281)	24,229	-	-	24,229	-	24,229	-	-
6	Purchased Power & Fuel for Power Prod.	34,607	-	34,607	-	-	34,607	-	34,607	-	-
7	Chemicals	6,431	-	6,431	-	-	6,431	-	6,431	-	-
8	Materials & Supplies	9,309	-	9,309	-	-	9,309	-	9,309	-	-
9	Contractual Services	147,084	(27,356)	119,758	-	-	119,758	-	119,758	-	-
10	Lease Expense	2,171	-	2,171	-	-	2,171	-	2,171	-	-
11	Transportation Expense	2,935	-	2,935	-	-	2,935	-	2,935	-	-
12	Insurance Expense	6,875	(267)	6,608	-	-	6,608	-	6,608	-	-
13	Regulatory Commission Exp. Amort.	20,838	(8,065)	12,773	-	-	12,773	-	12,773	-	-
14	Depreciation Expense	113,438	17,676	131,114	-	-	131,114	-	131,114	-	-
15	Amortization Expense	1,820	-	1,820	-	-	1,820	-	1,820	-	-
16	Taxes Other than Income	36,544	-	36,544	-	-	36,544	-	36,544	-	-
17	Miscellaneous Expense	186	(52)	134	-	-	134	-	134	-	-
18	Total Operating Expenses	501,198	(17,971)	483,227	13,429	-	496,656	(2,104)	494,552	-	-
19	Before Income Taxes	(5,809)	1,988	(3,821)	19,932	-	16,111	(3,123)	12,988	-	-
20	State Income Tax	(26,282)	8,997	(17,285)	90,184	-	72,899	(14,129)	58,770	-	-
21	Federal Income Tax	-	-	-	-	-	-	-	-	-	-
22	Deferred Taxes and ITCs Net	469,107	(6,986)	462,121	123,545	-	585,666	(19,356)	566,310	-	-
23	Total Operating Expenses	501,198	(17,971)	483,227	13,429	-	496,656	(2,104)	494,552	-	-
24	NET OPERATING INCOME	\$ 34,854	\$ 14,231	\$ 49,085	\$ 167,484	\$ -	\$ 218,589	\$ (26,240)	\$ 192,349	\$ 2,046,615	(1)
25	Staff Rate Base										
26	Staff Overall Rate of Return										
27											
28											
29											
30											
31											
32											

(1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 W, Page 1, Column (D).

(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01

(3) Source: Column (J), Line 3, divided by Column (D), Line 3.

Consumers Illinois Water Company-Woodhaven Division
Adjustments to Operating Income
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.02 W
Page 1 of 2

Line No	Description (A)	Interest Synchro- nization (ICC St. Ex 8.00 Sched 8.08 WM) (B)	Correct Depreciation Expense (ICC St. Ex 8.00 Sched 8.08 WM) (C)	Revenues (ICC St. Ex 12.00 Sched 12.02) (D)	Insurance Expense (ICC St. Ex 3.00 Sched 3.02) (E)	Allocation Change (ICC St. Ex 10.00 Sched 10.01) (F)	Service Co. Billings (ICC St. Ex 10.00 Sched 10.02) (G)	Incentive Compensation (ICC St. Ex 2.00 Sched 2.01 WM) (H)	Lobbying Expense (ICC St. Ex 2.00 Sched 2.02 WM) (I)	Regulatory Commission Exp. (ICC St. Ex 2.00 Sched 2.03 WM) (J)	Subtotal (K)
1	Operating Revenues	\$ -	\$ -	\$ 7,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,245
2											
3	Total Operating Revenue	-	-	7,245	-	-	-	-	-	-	7,245
4											
5	Uncollectible Accounts	-	-	334	-	-	-	-	-	-	334
6	Salaries and Wages	-	-	-	-	-	-	-	-	-	-
7	Employee Pension & Benefits	-	-	-	-	-	-	(261)	-	-	(261)
8	Purchased Power & Fuel for Power Prod.	-	-	-	-	-	-	-	-	-	-
9	Chemicals	-	-	-	-	-	-	-	-	-	-
10	Materials & Supplies	-	-	-	-	-	-	-	-	-	-
11	Contractual Services	-	(14,113)	-	-	-	(12,207)	-	(1,016)	-	(27,336)
12	Lease Expense	-	-	-	-	-	-	-	-	-	-
13	Transportation Expense	-	-	-	-	-	-	-	-	-	-
14	Insurance Expense	-	-	-	(267)	-	-	-	-	-	(267)
15	Regulatory Commission Exp. Amort.	-	-	-	-	(1,390)	-	-	-	(8,065)	(8,065)
16	Depreciation Expense	-	19,066	-	-	-	-	-	-	-	17,676
17	Amortization Expense	-	-	-	-	-	-	-	-	-	-
18	Taxes Other than Income	-	-	-	-	-	-	-	-	-	-
19	Miscellaneous Expense	-	-	-	-	-	-	-	-	-	-
20	Total Operating Expenses	-	-	-	-	-	-	-	-	-	-
21	Before Income Taxes	-	4,953	334	(267)	(1,390)	(12,207)	(261)	(1,016)	(8,065)	(17,919)
22											
23	State Income Tax	178	(356)	496	18	100	876	18	73	579	1,984
24	Federal Income Tax	804	(1,609)	2,245	87	492	3,996	85	330	2,620	8,980
25	Deferred Taxes and ITCA Net	-	-	-	-	-	-	-	-	-	-
26	Total Operating Expenses	982	2,965	3,075	(161)	(839)	(7,365)	(157)	(613)	(4,866)	(6,955)
27											
28	NET OPERATING INCOME	\$ (882)	\$ (2,889)	\$ 4,170	\$ 161	\$ 639	\$ 7,365	\$ 157	\$ 613	\$ 4,866	\$ 14,200

[illegible]

Consumers Illinois Water Company-Woodhaven Division
Rate Base
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Company Pro Forma (CIWC Sch. B-1) (B)	Staff Adjustments (ICC St. Ex 8.00 Sch 8.04 W) (C)	Staff Pro Forma (Col B+C) (D)
1	Gross Utility Plant in Service	\$ 4,078,594	\$ (16,689)	\$ 4,061,905
2	(Less) Accum. Depr. and Amort.	(1,359,504)	1,890	(1,357,614)
3	Net Plant	2,719,090	(14,799)	2,704,291
4				
5	Additions to Rate Base:			
6	Property Held For Future Use	-	-	6,344
7	Deferred Charges	6,344	-	15,553
8	Materials and Supplies	16,967	(1,414)	37,503
9	Cash Working Capital	40,983	(3,490)	406,468
10	Amort. of Contributions in Aid of Constr.	406,468	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16		-	-	-
17	Deductions from Rate Base:			
18	FAS 87 Pension	(7,952)	-	(7,952)
19	Customer Advances	-	-	-
20	Contributions in Aid of Construction	(923,014)	-	(923,014)
21	Deferred Income Taxes	(185,221)	(7,357)	(192,578)
22		-	-	-
23		-	-	-
24		-	-	-
25		-	-	-
26		-	-	-
27	Rate Base	\$ 2,073,675	\$ (27,060)	\$ 2,046,615

Consumers Illinois Water Company-Woodhaven Division
Adjustments to Rate Base
For the Test Year Ended December 31, 2001
In Dollars

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00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.04 W

Line No	Description (A)	Working Capital (ICC St. Ex 8.00 Sch. 8.08 W) (B)	ADIT (ICC St. Ex 8.00 Sch. 8.10 W) (C)	Materials & Supplies (ICC St. Ex 1.00 Sch. 1.11 W) (D)	Allocation Change (ICC St. Ex 10.00 Sch. 10.01) (E)	Incentive Compensation (ICC St. Ex 2.00 Sch. 2.01 W) (F)	(Source) (G)	(Source) (H)	(Source) (I)	(Source) (J)	Total (K)
1	Gross Utility Plant In Service				(16,657)		(32)				(16,689)
2	(Less) Accum. Depr. and Amort.				1,890						1,890
3	Net Plant				(14,767)		(32)				(14,799)
4											
5	Additions to Rate Base:										
6	Property Held For Future Use										
7	Deferred Charges										(1,414)
8	Materials and Supplies			(1,414)							(3,490)
9	Cash Working Capital	(3,490)									
10	Amort. of Contributions in Aid of Constr.										
11											
12											
13											
14											
15											
16											
17	Deductions from Rate Base:										
18	FAS 87 Pension										
19	Customer Advances										
20	Contributions in Aid of Construction		(7,357)								(7,357)
21	Deferred Income Taxes										
22											
23											
24											
25											
26											
27	Rate Base	(3,490)	(7,357)	(1,414)	(14,767)	(32)					(27,060)

Line No	Description (A)	Effect at Company ROR (B)	Effect of Staff ROR (C)	Effect of Interest Synch. Rounding (D) (E)	TOTAL REVENUE EFFECT (F)
1	Company Proposed Increase				\$ 291,029 (1)
2	Staff Rate of Return applied to COMPANY RATE BASE	8.30% (2)	(18,485)		(18,485)
3	Return on Equity	10.15% (2)			
4	Staff Adjustments - Total RATE BASE (from Page 2 of 3)	(4,588)	215	757	(3,616)
5					
6	Staff Adjustments - Total INCOME STATEMENT (from page 3 of 3)				(25,485)
7					
8	Revenue Conversion Factor Adjustment				-
9					
10	Rounding				-
11					
12	Total Effect of Staff Proposals				(45,596)
13					
14					
15	Staff Proposed Change to Revenues				\$ 245,433 (3)
16					
17					
18	Rounding (Memo Only)				1 (Memo Only)
19					
20	Staff Rate of Return applied to STAFF RATE BASE (Memo Only)				\$ (18,278) (Memo Only)

(1) Source: Company Schedule C-1, Line 1, Column (F)
(2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
(3) Source: ICC Staff Exhibit 8.00, Schedule 8.01 W, Column (J).

Consumers Illinois Water Company-Woodhaven Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 W
Page 2 of 3

Line No	Description (A)	Exhibit (B)	Effect at Company ROR (1)	Effect Of Staff ROR (2)	Effect of Interest Synch. (3)	Rounding (F)	TOTAL REVENUE EFFECT (4)	Line No
1	Staff Adjustments - RATE BASE							1
2	Working Capital	ICC Staff Exhibit 1.00, Sch 1.08 W	\$ (592)	\$ 28	\$ 98	\$ -	\$ (466)	2
3	ADIT	ICC Staff Exhibit 1.00, Sch 1.10 W	(1,247)	59	206	(1)	(983)	3
4	Materials & Supplies	ICC Staff Exhibit 1.00, Sch 1.11 W	(240)	11	40	-	(189)	4
5	Allocation Change	ICC Staff Exhibit 10.00, Sch 10.01	(2,504)	117	413	1	(1,973)	5
6	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 W	(5)	-	1	-	(4)	6
7			-	-	-	-	-	7
8			-	-	-	-	-	8
9			-	-	-	-	-	9
10			-	-	-	-	-	10
11			-	-	-	-	-	11
12			-	-	-	-	-	12
13			-	-	-	-	-	13
14			-	-	-	-	-	14
15			-	-	-	-	-	15
16			-	-	-	-	-	16
17			-	-	-	-	-	17
18			-	-	-	-	-	18
19			-	-	-	-	-	19
20			-	-	-	-	-	20
21			-	-	-	-	-	21
22			-	-	-	-	-	22
23			-	-	-	-	-	23
24			-	-	-	-	-	24
25			-	-	-	-	-	25
26			-	-	-	-	-	26
27			-	-	-	-	-	27
28	Subtotal		(4,588)	215	758	-	(3,615)	28
29	Rounding		-	-	(1)	-	(1)	29
30	Total Revenue Effect of Rate Base Adjustments		\$ (4,568)	\$ 215	\$ 757	\$ -	\$ (3,616)	30

- (1) Source: Adjustment x Co. ROR x Staff GRCF.
(2) Source: Adjustment x (Staff ROR - Co. ROR) x Staff GRCF.
(3) Source: Adjustment x (Staff Before Tax ROR - Staff After Tax ROR) x Staff GRCF.
(4) Source: Adjustment x Staff After Tax ROR x Staff GRCF.

Consumers Illinois Water Company-Woodhaven Division
Revenue Effect of Adjustments
For the Test Year Ended December 31, 2001
In Dollars

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.05 W
Page 3 of 3

Line No	Description (A)	Exhibit (B)	TOTAL REVENUE EFFECT (C)	Remove Rate Base Portion (D)	Operating Statement Portion (E)	Line No
1	Staff Adjustments - Operating Statement					1
2	Interest Synchronization	ICC Staff Exhibit 1.00, Sch 1.06 W	\$ 1,706	\$ (757)	\$ 949	2
3	Correct Depreciation Expense	ICC Staff Exhibit 1.00, Sch 1.09 W	5,192	-	5,192	3
4	Revenues	ICC Staff Exhibit 5.00, Sch 5.02	(7,246)	-	(7,246)	4
5	Insurance Expense	ICC Staff Exhibit 3.00, Sch 3.02	(280)	-	(280)	5
6	Allocation Changes	ICC Staff Exhibit 10.00, Sch 10.01	(1,456)	-	(1,456)	6
7	Service Co. Billings	ICC Staff Exhibit 10.00, Sch 10.02	(12,798)	-	(12,798)	7
8	Incentive Compensation	ICC Staff Exhibit 2.00, Sch 2.01 W	(273)	-	(273)	8
9	Lobbying Expense	ICC Staff Exhibit 2.00, Sch 2.02 W	(1,065)	-	(1,065)	9
10	Regulatory Commission Exp.	ICC Staff Exhibit 2.00, Sch 2.03 W	(8,455)	-	(8,455)	10
11	Selling, Adv., & Misc. Sales Exp.	ICC Staff Exhibit 2.00, Sch 2.05 W	(54)	-	(54)	11
12			-	-	-	12
13			-	-	-	13
14			-	-	-	14
15			-	-	-	15
16			-	-	-	16
17			-	-	-	17
18			-	-	-	18
19			-	-	-	19
20			-	-	-	20
21			-	-	-	21
22			-	-	-	22
23			-	-	-	23
24			-	-	-	24
25			-	-	-	25
26			-	-	-	26
27	Column Subtotal		\$ (24,729)	\$ (757)	(25,486)	27
28						28
29						29
30	Rounding				1	30
31						31
32	Total Revenue Effect of Operating Statement Adjustments				\$ (25,485)	32

(1) Source: Adjustment x Staff GRCF.

(2) Source: Schedule 8.05 W, Page 2 of 3, Column (E), Line 30.

Consumers Illinois Water Company-Woodhaven Division
Interest Synchronization Adjustment
For the Test Year Ended December 31, 2001
In Dollars

Line No	Description (A)	Amount (B)	
1	Staff Rate Base	\$ 2,046,615	(1)
2	Weighted Cost of Debt	4.0597%	(2)
3	Synchronized Interest per Staff	83,086	
4	Company Interest Expense	85,560	(3)
5	Increase (Decrease) in Interest Expense (Line 3 - Line 4)	\$ (2,474)	
6	Increase (Decrease) in State Income Tax Expense (Line 5 * 7.18%)	\$ 178	
7	Increase (Decrease) in Federal Income Tax Expense (Line 5 - Line 6) * 35%	\$ 804	

- (1) Source: ICC Staff Exhibit 8.00, Schedule 8.03 W, Column (D).
 (2) Source: ICC Staff Exhibit 14.00, Schedule 14.01
 (3) Source: Company Schedule C-5.4

Consumers Illinois Water Company-Woodhaven Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.07 W
Page 1 of 2

Line No	Description (A)	Rate (B)	Per Company (C)	Per Staff With Bad Debts (D)	Per Staff Without Bad Debts (E)
1	Revenues			1.000000	
2	Uncollectibles	4.6144%		<u>0.046144</u>	
3	State Taxable Income			0.953856	1.000000
4	State Income Tax	7.18%		<u>0.068487</u>	<u>0.071800</u>
5	Federal Taxable Income			0.885369	0.928200
6	Federal Income Tax	35.00%		<u>0.309879</u>	<u>0.324870</u>
7	Operating Income			<u>0.575490</u>	<u>0.603330</u>
8	Gross Revenue Conversion Factor Per Staff			<u>1.737650</u>	<u>1.657466</u>
9	Company Proposed Revenue Increase		\$ 291,029		
10	Company Proposed Operating Income Increase		\$ 167,484		
11	Gross Revenue Conversion Factor Per Company		<u>1.737653</u>		

Consumers Illinois Water Company-Woodhaven Division
Gross Revenue Conversion Factor
For the Test Year Ended December 31, 2001

Docket Nos. 00-0337/00-0338/
00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.07 W
Page 2 of 2

Line No.		Company Proposed Increase (1)	Staff GRCF (2)	Gross Revenue Per Staff (3)	Staff Uncollectible Conversion Factor (4)	Staff State Tax Conversion Factor (5)	Staff Federal Tax Conversion Factor (6)	Amount Per Staff GRCF (D'E*F*G) (H)	Company Proposed Increase (7)	Adjustment (J)
1	Tariffed Revenue Conversion	\$ 167,484	1.737650	\$ 291,029				\$ 291,029	\$ 291,029	(\$0)
2	Uncollectible Conversion			291,029	4.6144%			13,429	13,429	0
3	State Tax Conversion			291,029		7.18%		19,932	19,932	0
4	Federal Tax Conversion			291,029			35.00%	90,184	90,184	0

- (1) Source: ICC Staff Exhibit 8.00, Schedule 8.01 W, page 1, Line 28, Column (E)
 (2) Source: ICC Staff Exhibit 8.00, Schedule 8.07 W, page 1, Line 8, Column (D)
 (3) Source: Line 1, Column (B) x Line 1 Column (C)
 (4) Source: ICC Staff Exhibit 8.00, Schedule 8.07 W, page 1, Line 2, Column (B)
 (5) Source: ICC Staff Exhibit 8.00, Schedule 8.07 W, page 1, Line 4, Column (B)
 (6) Source: ICC Staff Exhibit 8.00, Schedule 8.07 W, page 1, Line 6, Column (B)
 (7) Source: ICC Staff Exhibit 8.00, Schedule 8.01 W, page 1, Column (E)

Consumers Illinois Water Company-Woodhaven Division
 Working Capital Adjustment
 For the Test Year Ended December 31, 2001

Line No	Description	Amount	Staff Adjustment	Source
(A)	(B)	(C)	(D)	
1	Total Operating Expenses (Pre Income Tax)	\$ 484,552		(1)
2	Less:			
3	Uncollectible Accounts Expense	34,914		(2)
4	Annual Amortization of Rate Case Expense	12,773		(3)
5	Depreciation Expense	131,114		(4)
6	Real Estate Tax Expense	15,723		(5)
7	Operating Expenses Requiring Working Capital	\$ 300,028		Line 1 minus the sum of Lines 3 through 6
8	45 (neg days)/360 (30 day month year)	12.50%		
9	Total Cash Working Capital Per Staff	\$ 37,504		Line 7 multiplied by Line 8
10	Total Cash Working Capital Per Company	40,993		(6)
11	Adjustment to Cash Working Capital	\$ (3,490)		Line 9 minus Line 10

- (1) Source: Schedule 8.01 W, Column (I), Line 21
 (2) Source: Schedule 8.01 W, Column (I), Line 5
 (3) Source: Schedule 8.01 W, Column (I), Line 15
 (4) Source: Schedule 8.01 W, Column (I), Line 16
 (5) Source: Company Schedule B.2.2, Line 6
 (6) Source: Company Schedule B.1, Column (E), Line 10

Consumer Illinois Water Company-Woodhaven Division
 Correction to Depreciation Expense Adjustment
 For the Test Year Ended December 31, 2001

Line No.	Adjustment (A)	Amount (B)	Source (C)
1	Depreciation Expense Allowed in Contractual Services per Staff	\$0	
2	Depreciation Expense Allowed in Contractual Services per Company	<u>14,113</u>	Company response to Staff data request Field 5
3			
4	Staff Proposed Adjustment to Contractual Services	<u>\$ (14,113)</u>	
5			
6	Gross Depreciation Expense per Staff	\$149,949	ICC Staff Exhibit 13.00, Schedule 13.04, Page 3 of 3
7	Less: Contributions in Aid of Construction	<u>(\$17,445)</u>	ICC Staff Exhibit 1.00, Schedule 1.09 W, Page 2 of 2, Col. (E), Line 39
8	Net Depreciation Expense per Staff	\$132,504	Line 6 + Line 7
9	Depreciation Expense per Company	<u>113,438</u>	CIWC Schedule C-1, Line 4
10			
11	Staff Proposed Adjustment to Depreciation Expense	<u>\$19,066</u>	Line 8 - Line 9

Consumers Illinois Water Company-Woodhaven Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

Line	Description	Amount			
	(A)	(B)	Line 12 Column (D)		
1	ADIT Per Staff	(\$192,578)			
2					
3	ADIT Per Company	(185,221)	Company Schedule B-1, Column (E), Line 18		
4					
5	Staff Proposed Adjustment	(\$7,357)			
6					
7	Proof of Adjustment:	12/31/00 Amount	12/31/01 Amount	Average Amount	
8		(B)	(C)	(D)	
9	Per Company	(\$204,498)	(\$213,159)	(\$208,828)	Schedule B-9, Page 4 of 4, Columns (H) & (J)
10	Correction	0	23,608	11,804	Schedule 8.10 W, Page 2 of 2, Line 2
11	Candlewick Sewer	4,338	4,556	4,447	Schedule 8.10 W, Page 2 of 2, Line 3
12	Per Staff	(\$200,160)	(\$184,996)	(\$192,578)	

Consumers Illinois Water Company-Woodhaven Division
Accumulated Deferred Income Taxes Adjustment
For the Test Year Ended December 31, 2001

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00-0339 Consolidated
ICC Staff Exhibit 8.00
Schedule 8.10 W
Page 2 of 2

Line	Description (A)	12/31/00 Amount (B)	12/31/01 Amount (C)	Calculated Average Amount (D)	Source (E)
1	ADIT Balance Per Company	(\$204,488)	(\$213,159)	(\$208,829)	Schedule B-8, Page 4 of 4, Columns (H) & (J)
2	Staff Corrected Adjustment for New Depreciation Rates	0	23,908	11,804	Schedule B-2.3, Column (D), Line 28
3	Candlewick Sewer ADIT	<u>4,338</u>	<u>4,555</u>	<u>4,447</u>	ICC Staff Exhibit 10.00, Schedule 10.03
4					
5	Adjusted ADIT Balance Per Staff	<u>(\$200,150)</u>	<u>(\$184,696)</u>	<u>(\$192,578)</u>	To Schedule 8.10 W, Page 1